

DIMENSIONS OF GLOBALISATION

Edited by

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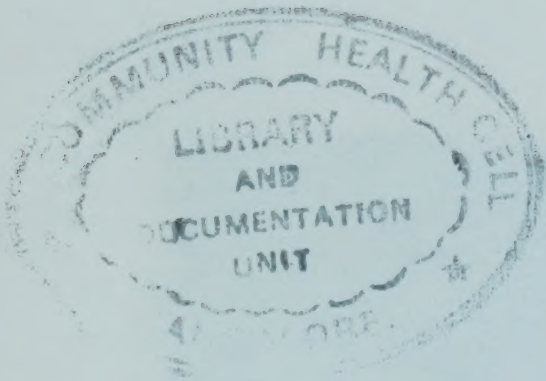
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About This Book

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**Centre for Social Action
Bangalore**

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We wish to sincerely thank all the authors of the numerous articles of this book. As well as the centres/publications (and their personnel) which have explicitly or implicitly encouraged us to reproduce relevant material from their books and reviews, especially Vikas Adhyayan Kendra (VAK), the Indian National Social Action Forum (INSAF), Voices (Madhyam Communications), the Delhi Indian Social Institute and its Documentation Centre, Link (ACHAN Newsletter), the Public Interest Research Group (PIRG), National Centre for Advocacy Studies (NCAS), National Alliance of People's Movements (NAPM) and Vidyajyoti. We also thank all those who have helped us to publish this book: Biju Mathew and Christina Daniels for the proof-reading; St. Paul's Press Training School for the printing; James David and Mary Christina Rani Peter for the typing; Biju Mathew for the typing and DTP; and specially James David and John Desrochers for their editing work.

The Publishers

About This Book

When the quarterly **Integral Liberation** came out with its issue on **Globalisation** in September 1997, the Centre for Social Action decided to complete it with a book on **Dimensions of Globalisation**. We indeed realised that many aspects of globalisation required a deeper study than what could be provided in the few pages of the review. We are therefore glad to publish this much needed book.

Dimensions of Globalisation fully deserves its title. After two overviews (ch. 1), it deals with the meaning, history and politics of globalisation (chs. 2, 3 & 5). It then exposes certain myths (ch. 4) and successively considers the questions of the arms trade, foreign investments, Indian agriculture, cultural imperialism and information/communications (chs. 6, 7 & 9 to 11). It moreover analyses the implications of globalisation for trade unions, education and public health (chs. 8, 12 & 13), and its impact on women and tribals (ch. 14). The book ends with some challenging responses to globalisation (ch. 15) and a few important documents (ch. 16). *Readers will thus find in this small book several thought-provoking reflections on the manifold dimensions of globalisation.*

The sources of this book are extremely varied. Besides editing the whole book with John Desrochers, James David has shared the fruits of his vast readings by contributing chapters two and three and two sections of chapter eight. The articles of Varghese George, Louis Xavier and Noel Rebello were prepared for various seminars and forwarded to us. Since they are interested in circulating meaningful analyses and alternatives, several centres, publications and authors – listed throughout the pages of this book – have explicitly or implicitly encouraged us to reproduce relevant, and sometimes large extracts of some articles which have appeared in their books and reviews. Thanks to all of them, the readers of **Dimensions of Globalisation** will be able to enjoy this book, reflect on the issues at stake, and rethink their involvement and action.

The Publishers

ABBREVIATIONS

ASEAN	Association of South-East Asian Nations
Cr	Crore (10 million)
EPW	Economic and Political Weekly
FDI	Foreign Direct Investment
GATT	General Agreement on Tariffs and Trade
G- 7	Group of 7
GDP	Gross Domestic Product
GNP	Gross National Product
IMF	International Monetary Fund
INSAF	Indian National Social Action Forum
IPR	Intellectual Property Right
MNC	Multinational Corporation or Company
NAFTA	North American Free Trade Association
NCAER	National Council of Applied Economic Research
NEP	New Economic Policy
NGOs	Non-governmental Organisations
NIC	Newly Industrialised Country
NIEO	New International Economic Order
OECD	Organisation for Economic Cooperation & Development
PHC	Public Health Care
PIRG	Public Interest Research Group
R&D	Research and Development
SAP	Structural Adjustment Programme
SC	Scheduled Caste
ST	Scheduled Tribe
TNC	Transnational Corporation or Company
UF	United Front
UN	United Nations
UNCTAD	UN Conference on Trade and Development
UNDP	United Nations Development Programme
VAK	Vikas Adhyayan Kendra
WB	World Bank
WHO	World Health Organisation
WTO	World Trade Organisation

NOTES

et al.	and others
ibid.	in the same book, chapter, page, etc.
n.	note
no.	number
op. cit.	in the work cited

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1. GLOBALISATION – OVERVIEWS

1. Introduction

Ajit Muricken

The changes that have encompassed the world in the recent past have obviously not left India unaffected. These changes are the collapse of the Soviet bloc, the end of the cold war, the emergence of the uni-polar world, the marginalised role of the UN system and the victory of the neo-liberal economic and political agenda. These have not only affected India's international relations but also her domestic economy and political structures and policies.

In the emerging global situation the international position of the South has considerably weakened. There are a number of reasons for this. The countries of the South have become more and more dependent on the West and institutions controlled by the West – the World Bank and the International Monetary Fund. Their domestic economic policies are increasingly dictated by these forces. Economic dependence has reduced their political manoeuvrability in the international arena at a time when the end of the cold war has challenged the '*raison d'être*' of nonalignment. The South has not yet articulated a coherent position in the post-cold war period.

Meanwhile the North intensified its neo-liberal offensive to integrate the economies of the South by profound changes in trade, finance and technology – the result of which is **the so-called**

Ajit Muricken is the Director of Vikas Adhyayan Kendra (VAK), Mumbai, and the General Secretary of the "Indian National Social Action Forum" (INSAF). This article is a slightly edited version of the "Introduction" of an excellent 1997 book published by VAK, "Globalisation and SAP, Trends & Impact – An Overview".

process of globalisation. This term has now acquired several meanings among academics, media, multilateral lending institutions, and representatives of business and economy. It is a core dictum in the prescriptions of management pundits and a catch phrase for politicians of every stripe.

Globalisation is being accomplished in two ways, that is, through the creation of a seamless, borderless global order with increasing de-nationalisation of the nation-state and its sovereignty whilst steadily and critically altering the nature of the state itself with aggressive interventionist measures in favour of capital. *It also involves the integration of the market and economies through trade, investment, finance, new labour skills, knowledge or technology, and the transnationalisation of production and standardisation of consumer wants.* These processes have accelerated with the completion of the Uruguay Round of GATT and the establishment of the World Trade Organisation.

Under such a dispensation the world is reduced to the status of economic territories to be exploited by transnational capital without any accountability or obligation to the nation-state. This process has changed significantly the balance of power between TNCs and governments. TNCs today influence the major economic decisions of the world, such as what to produce, how much to produce, where to produce, when to shift from one region/country to another in search of a better profit margin, etc. These decisions significantly determine the current and future control of the world's resources.

Several important studies on globalisation have shown that *without sufficiently building up the effective capacity of local industries and farms, the domestic economy cannot withstand the competition of free imports of goods and services; this leads to the de-industrialisation of national economies.* De-industrialisation has been achieved through a process of displacement of local products, the closure of local industries and farms and lower prospects for growth. The dismantling of the industrial base in most countries has resulted in massive unemployment, a situation resulting from the fact that a majority of the present \$ 2 tr worth of daily foreign exchange transactions

in the world market has virtually no connection with the production or trade in material goods; it is more in terms of speculative investment. As a result, the productive bases of the countries are being sucked to death as an effect of this process which in turns leads to the subjugation of the nation-state and generates inequalities across the globe.

Poverty under globalisation has assumed newer dimensions. Globalisation and marginalisation go hand in hand. Under the market-friendly regime, the poor, the marginalised who have no entitlements (land, other income-yielding assets, social securities, employment, etc.) are kept out of the market. This leads to the fragmentation of collectivities, communities and traditional support systems.

Forests, lands and minerals have always been valuable resources. The compulsions of international competition now create ever greater pressures to exploit these at tremendous speed and with 'efficiency'. *There is already a trend towards greater concentration of these resources, a move towards concentration and accumulation. The victims of this accumulation will obviously be small land-holders, women, Dalits, Adivasis and members of Other Oppressed Castes.* The new development will also increase the demand for water and electricity, which means even further displacement of people as new hydrel and other infrastructural development projects are executed. Cash crops for sale in international markets will replace mass consumption crops, leading to a scarcity of necessities and increased vulnerability. Agriculture will also, under the new auspices, acquire corporate logic. The resultant mechanisation and rationalisation will spell reduced employment for the sections dependent on agricultural labour. The overall vulnerability of agriculture increases in the era of dependence on global markets. This brings about the doom of small landowners. The new techniques and seeds demanded by the new agricultural practices will render impracticable their traditional methods of earning livelihood.

Privatisation in the industrial sector spells similar disasters for the weaker sections. Reservations will become irrelevant with the shrinkage of the public sector. Lack of assets and credit worthiness will prevent the poor from entering the new order. Shrinkage of

employment will mean that they will not find any gainful employment even as wage slaves. The available employment will in all probability be in demeaning and degrading jobs which are created by the consumerist new order. The burgeoning tourism and entertainment industry will for example lure women as sex workers and will make child labour even more obnoxious than it is today.

The withdrawal of the state from the realm of welfare, social entitlement and public service spheres also has negative impacts on the weaker sections. Their food security is affected adversely. Their access to health care services, education and employment will become even more restricted. Housing and transport facilities will go beyond their reach. With liberalisation the problems become more complex as rapid economic growth unaccompanied with a social safety net increases disparities as only small sections of society benefit. The economic onslaught is accompanied by political, ideological and cultural offensives which create a sense of powerlessness and a loss of identity and autonomy.

The globalisation processes have in turn led to **the emergence of a new politics** that requires the construction of new kinds of social and political institutions which will create a real space for the articulation and mobilisation of the poor and oppressed. **This new politics is an affirmation of the state as an instrument of genuine people's power, people's democracy, people's empowerment.** *It means re-affirming the state's obligation of ensuring justice for the people (from where it derives its legitimacy and power according to the democratic traditions). It also means challenging and altering the development model that sees the market as the only provider and answer to the problems of economic development.*

Critically oriented individuals and activists from various action groups, mass organisations, people's movements and political formations, must acquire a theoretical understanding and analysis of the trends and impact of globalisation on the people of India, its democratic traditions and sovereignty. *They must develop a critical outlook, resist co-option and evolve alternative transformative strategies.*

2. THE GLOBALISATION OF INDIA

INSAF

Globalisation of the Indian economy is the cardinal feature of the new economic policy. Globalisation has been understood, at least at the popular level, in simple terms like greater entry of multinational corporations and criticised in nationalist terms, like calls to preserve and protect economic sovereignty. It has, perhaps, not been pointed out with enough emphasis that **globalisation is a new, contemporary stage of the development of capitalism all over the world.** It is not this or that particular measure of the new economic policy that is specifically detrimental to the interests of the toiling people but that the new system as a whole threatens their existence... The hallmark of globalisation is *the dominance of predatory transnational capital* which with scant respect for national boundaries seeks to penetrate and suborn economies across the globe to its own ends. *It penetrates all geographical areas and all sectors of economic activity and subordinates them (in the name of 'integration') to the world capitalist market and system.* It finds its incarnation in transnational corporations and exercises its political power through the international financial organisations.

Globalisation involves an international mobilisation of capital, transnational investment, global deployment of raw materials, a relative homogenisation of technologies across the world, internationalisation of production processes and labour processes as well as of economic organisation, globally determined product mixes, common management and marketing strategies, global patterns of consumption, and transnational accumulation. Economies are restructured across the world to bring about this uniformity and homogenisation. It is not only national policies that are sought to be changed under the influence of the international financial institutions but even individual sectors of economic activity which are forced to change. Relentless penetration of global capital renders traditional occupations

This is an extract from a **Policy Document of INSAF** (Indian National Social Action Forum, C-1, Shivdham, 62 Link Road, Malad (W), Mumbai - 400 064), "The United Front Government and the People. Social Action in the Post-Election Period", October 1996.

unviable and destroys the subsistence or survival sectors in an economy. Primary production becomes directly linked to world markets and... thus meets with greater instability and becomes vulnerable... The new rationality and rationalisation annihilate traditional and modern mechanisms that absorbed and/or cared for human beings abruptly 'rendered surplus' and deprive the primary producer of the last vestiges of social security and social support.

There is a radical reorganisation of the manufacturing activity. The manufacturing process is transnationalised, fragmented and dispersed across many countries. It becomes extremely capital intensive and constantly replaces labour. It is not industrial but finance capital which dominates the scene in the stage of globalisation. *Speculation then becomes more important than manufacture.* There is an unprecedented emphasis on the fashion, entertainment/leisure and culture industry along with basically non-essential consumer perishables. Marketing including advertising itself becomes an important economic activity. There is a dispersal of industry within the country as well, along with a fragmentation of the production process... *As collective production is dispersed, the working class is splintered, scattered and forced into a decline.* Its weight in economic, political and social terms as a class decreases. It is weakened in the face of capital. Capital also dodges its responsibility to labour by these mechanisms since it becomes free of any obligations towards wage increases, employment benefits, welfare measures, social security, redundancy payments, etc.

The transnational mobility of capital is characterised by flows of 'hot-money'. Capital flows across borders instantaneously to take advantage of differential currency and interest rates, to benefit from portfolio manipulations and to speculatively rip off economies. Needless to say that such 'foreign investment' does not lend any economic strength to an economy, does not increase any productive capacities but creates an unstable environment and increases vulnerability. Globalisation is also characterised by a new method of surplus appropriation and accumulation. There is an extreme concentration of capital which generates extreme concentration of economic power. The new transnational

corporation is, however, not as much a manufacturing and trading giant as a financial controller...

These features operate in combination with **a new role for the state** under globalisation. The nation-state does not disappear nor does it lose sovereignty but there is a relative decline in its autonomy. *There is a reorganisation and a redefinition of its functions.* The organising principle does not remain exclusively 'national' but also acquires global features. The global financial interests become paramount. Operations and mobility of transnational capital become sacrosanct. *The state ceases to be the champion exclusively of isolated, protected 'national' capital and represents the interests of global industrial-financial capital. It also withdraws to an extent from the public space.* It does not give up the function of maintenance of law and order and of keeping the toiling people in subjugation but abdicates its social responsibility. It dons a facade of social neutrality. It mediates neither in disputes between fractions of the capitalist class nor in direct class conflicts. It allows market forces to carry out the annihilation of opponents of global capital and a privatisation of repression. It seeks to intervene only to quell public disturbances and to ensure uninterrupted operations of economic activity. It leaves its social security and social welfare roles to the 'regulatory' mechanism of the markets.

The toiling people suffer all the more as essential services are privatised. Women, dalits, and adivasis are, of course, the special victims in such a case. The toilers also face another peculiar situation as *the oppressive forces become hidden, unidentifiable, indirect and remote.* The threat against the working class becomes one of flight of capital, loss of jobs, economic stagnation and penury, which again seem results of uncontrollable and non-confrontable forces of the market which through their very pervasiveness acquire an appearance of 'natural' forces with their own logic that cannot be tamed.

A serious social situation thus comes into existence in the regime of globalisation. The working class is broken up, its concentration in factories and geographical areas is done away with; it is also reduced in numbers through conversion to petty self-employment or gross unemployment. Its social and political

weight declines and possibilities of ideological élan are lost. As production is reorganised, collectivities and communities are broken up. The individual is atomised through fierce competition for survival between 'independent entrepreneurs' (read petty self-employed). The general atmosphere of speculation leads to a gambler's mentality which is compounded by *the prevalence of insecurity and impermanence. The indirect, invisible and covert nature of the oppressive forces leads to a non-focused anger and anxiety. A congenial ground is thus created for a politics of identity, spurious religiosity, fratricidal conflicts* which could become combined with socio-political apathy or cynicism and a search for messiahs. These factors, as is obvious, pose renewed threats to the democratic polity (and have contributed to the growth of communalism in India). **Globalisation has thus been contemporaneous with an increase in the assertion of ethnic-religious-linguistic subnationalities.** This seems to have achieved a break-up of larger, federal states and the constitution of smaller regional states in some cases. It further fuels local warfare...

2. GLOBALISATION: PAST, PRESENT AND FUTURE

James David

Globalisation is no longer a theoretical concept; it is a glaring reality, impinging upon almost every aspect of human existence – economic, political, environmental, cultural and the like. The world is made to shrink into a ‘global village’, an expression that has gained much currency and acceptance in every lexicon. The most striking manifestation of globalisation is the omnipresence of transnational corporations. These are the engines driving the world towards commonality, speeded by mass communication, transport and travel.

Beginnings and Dynamics

Globalisation is not a new phenomenon. It began in the late 15th century with the rise of capitalism and its overseas expansion. The conquest and exploitation of Asia, Africa and Latin America and the white colony settlements in North Africa and Australia were all instances of ‘globalisation’. *Trade and capital movement were generally free till 1913. Even the movement of labour across countries was without restrictions.* For example, the conquistadors skillfully crafted colonization through indentured labour. This practice also existed in the US (import of slave labour from Africa) and in the West Indies, Mauritius, South Africa, Myanmar, Malaysia or Fiji. Indian labour was indentured by the British to exploit the resources of these countries for the benefit of Britain.

In fact, globalisation was far more prevalent and thorough until the first world war. The main differences between 1900-1910 and 1985-95 are the restrictions on cross-country movement of capital

and labour and the revolution in communications that has made the whole world a sort of 'global village'. This concept of 'global village' throws new challenges to the developing countries. **How precisely should these countries react to the deep stirrings in the structures of civil societies and the drastic changes wrought by international capital, trade, technology and the mass media?**

Is globalisation a natural sequence of events? History shows that capital knows no geographic boundaries: it flows wherever and howsoever it can gain its end, that is, to maximise profits. *This flow creates a system of production and distribution, it gives rise to a certain organisation of society. The evolution of the nation-state coincided with the development of the capitalist system.* Allied to capitalism was the pursuit of individual self-interest that helped first Britain and later Germany, France and the US among others. The concept of nation-state was greatly used by the owners of capital to instill among the working classes the superiority of their nation, be they English or French or German.

The concept of nation-state is extremely relevant in an unequal world, a reality we have to recognise. Trade between nations is not only necessary but useful. Self-reliance is different from self-sufficiency. Trade and exchanges between nations certainly add to total welfare. The paradox is that in an unequal world, the gains from trade are not shared equally. Just as trade between a colony and its imperial power was highly unequal in bygone days, so also even today, the gains from trade between nations are not shared equitably. *The rules of the game framed by the developed countries and the mechanisms devised by the World Trade Organisation are heavily loaded against developing countries.*

This tendency is inherent in the logic of capitalism. There is a "constant revolutionising of production... The need of a constantly expanded market for its products chases the bourgeoisie over the whole surface of the globe. It must nestle everywhere, settle everywhere and establish connections everywhere."¹ *The same global system operates today, maybe in a relatively lower key. Within the framework of nation-states, world monopolies have developed through an interplay of mutual*

struggles and the collaboration of huge national conglomerates. The overcoming of local and national limitations under capitalism is based on “shameless, direct, brutal exploitation”. Under this dispensation, there is “no other nexus between man and man than naked self-interest, than callous cash payment”.²

Today's Trends and Contradictions

Globalisation is being viewed today as an approach to usher in a new era in the economic order. The revolutionary transformations in communications and transportation coupled with the restructuring of global finance and the organisation of production across national boundaries are contributing to the formation of a world where distinctions between nations are bridged by shared interests and values and where the national economy functions as a mere unit of the world market.³ According to the devotees of globalisation, there is an economic system in high gear now that is fundamentally different from what we have known so far. *There is no alternative to the global process of integration. The global society drives the domestic market and commands the direction of national political-economic issues.*

Where does the nation-state fit in this scheme of things? As long as wide disparities in development exist, as long as the developed countries exploit the resources of the world to their own advantages, **the nation-state is the only defence available to the citizens of the developing world.**

The central forces behind the present level of globalisation are the TNCs. These corporations shot up from 7,000 to 37,000 in the past two decades. However, only a hundred or so top TNCs control about one-third of the total foreign direct investment. The power and influence of these TNCs have become more consolidated by their close alliance with the multi-national banks (MNBs) which in turn collaborate with international institutions like the WB and the IMF. *These powerful industrial and financial interests are increasingly in conflict with the interests of civil society.* While the spirit of liberalism is committed to fostering competition, the G-7 macro-economic policy has in practice supported a wave of corporate mergers and acquisitions as well as the planned bankruptcy of small and medium-sized enterprises.

MNCs have taken control of local markets through the system of corporate franchising. Small enterprises are either emaciated or incarcerated as 'franchises' into the net of a global distributor. This process enables large corporate capital (the franchiser) to gain control over human capital and entrepreneurship. A large share of the earnings of small firms and/or retailers is thereby appropriated.

What are the consequences? There is a frenetic pace to produce more goods and services. To create more desires and greater demands thus becomes a by-product. The TNCs have developed advertisements into a fine art for manipulating the mind of the masses. Once used for establishing links between scattered consumers, advertisements now dominate "all external life from presidential elections to the consumption of ties and cigarettes".⁴ It is often assumed that production is geared to answer the 'demands of the market'. A closer look may however show that it is only specific people organised in classes and economic institutions who 'demand', in the name of the market, certain economic policies favourable to their interests.

Tacit subservience to cultural imperialism follows from the dictum, 'the market demands'. Even the most advanced countries do not escape its reach. According to one source, about one third of the programmes screened on Western European TV in the mid-eighties were made in the US. Seventy percent of the feature films screened in France and 75 percent of the musical shows in Sweden were imported from the US. For business purposes the boundaries that separate one nation from another are no more real than the equator. The world outside the home country is no longer viewed as a series of disconnected customers, but as an extension of a single market.

In globalisation circles, the nation-state and its autarchy are increasingly seen as "old-fashioned ideas badly adapted to our present complex world". The critical issue of our times is the conflict between the global optimisation of resources and the independence of nation-states. The days may not be far away when the nation-state becomes obsolete and eventually dead, for it has outlived its purpose. Yet, the institutions such as political parties, parliament, bureaucracy and the like that are directly

related with the political independence of the state, may not readily abdicate the vantage position they occupy in a nation-state. Furthermore, should the role of the nation-state be reduced to economics? *Considerable tensions will thus surface between the tendency of supra-national domination and the attachment to national identity.*

“Think globally, act locally.”⁵ The concept of globalisation as a solution to international, social and ecological problems is increasingly being questioned, and *attempts are being made to identify and mobilise local and indigenous development potentials hitherto hidden.* Long ago, Aristotle distinguished between money as a means of exchange and money as capital. Nowadays, money is being promoted as capital rather than as means of exchange, and this type of economy is sharply criticised. Money tends to mediate all relationships and to impose upon culturally developed values a new point of reference, namely money. *The result is the development of a money society and a money culture.*

Another feature of globalisation is that joint ventures between domestic companies in developing countries and foreign companies have become a popular means to satisfy the objectives of both managements. Local partners bring knowledge of the domestic market, familiarity with government bureaucracies and regulations, understanding of local labour markets, and possibly, existing manufacturing facilities. Foreign partners can offer advanced process and product technologies, management know-how, and access to export markets. For either side, the possibility of joining with another company in the new venture lowers the capital requirements.

As attractive as joint ventures might seem, they frequently perform unsatisfactorily and are comparatively unstable. International joint ventures seem to be more vulnerable. A study for example rated 36 percent of such ventures as having performed poorly – a high proportion indeed.⁶ According to a 1996 WB Discussion Paper,⁷ two issues were clearly more important in joint venture negotiations. First, was the equity structure (noted by four-fifths of the respondents), which was also viewed as the most difficult issue to negotiate. Control of a joint venture is not

something surrendered easily, and majority ownership does not necessarily confer control of all aspects of a joint venture's operations. Second, was the set of conditions for technology transfer, almost always from the industrial country partner. Important aspects include defining precisely what technologies (possibly including technologies not yet developed by either side) are to be covered in the agreement and the terms under which they are to be made available to the venture. Another difficulty may be the differing basic objectives of the two firms. *Joint venture relationships are often fragile and difficult to negotiate and, once negotiated, to hold together.*

Since Black Monday (19 October 1987), *the globalising world is marked by a highly volatile investment pattern.* This is seen in frequent and increasingly serious convulsions on major bourses, the ruin of national currencies in Eastern Europe, Latin America and Asia, and the sudden retreat of large institutional investors. A new global financial environment has also unfolded. The string of corporate mergers in the late 1980s paved the way for the commercial banking functions to fuse with those of the investment banks and stock-brokers. The 'money managers' indulge in gigantic speculative transactions and manipulations of currency markets. The turnover of foreign exchange transactions is of the order of \$ 1 trillion a day, of which only 15 percent corresponds to actual commodity trade and capital flows.⁸ Within the global financial web, money transits at high speed from one banking haven to another in the intangible form of electronic transfers.

*Money laundering has become part of global finance.*⁹ Favoured by the SAP and the deregulation of the financial system, criminal mafias have expanded their role in international banking. In several developing countries national governments are under the trusteeship of such criminal factions. For example, since the Belaunde government (1980-85), the central bank of Peru has periodically channeled a large amount of dollar bills from the drug economy into the foreign-exchange market to replenish its failing international reserves. Peru's ability to meet its debt-servicing obligations depends on this recycling of narco-dollars – estimated at some 8 million dollars a day in 1991.

The nexus between money laundering and globalisation is glaring. The sums involved are so large that they can falsify economic data and complicate governmental efforts to manage economic policy. Economists and law enforcement agencies give a very wide range of estimates of the size of underground economies as a percentage of GDP: 4 to 12% for Australia, 2-11% for Germany, 10-33% for Italy, 4-15% for Japan, 1-15% for Britain and 4-33% for the United States. On October 18, 1994, the Financial Times reported that, according to recent estimates by UK and US officials, the amount of money laundered annually in the financial system worldwide was roughly \$ 500 billion – about 2% of global GDP. *Money laundering threatens economic and financial systems in many countries and the international financial community should strongly oppose this unhealthy phenomenon.*

The world economy is marked by the relocation of a substantial share of the industrial base of the advanced countries to cheap-labour locations in developing countries. The development of the cheap-labour export-economy was launched in South-East Asia in the 1960s and 1970s, largely in 'labour-intensive manufacturing'. Initially limited to Hong Kong, Singapore, Taiwan and South Korea, the development of off-shore cheap-labour production gained impetus in the 1970s and 1980s. This process is based on the destruction of national manufacturing for the internal market in individual Third World countries and the consolidation of a cheap-labour export-economy. Production for the internal market and import substitution have become obsolete concepts.

"Export or Die" is the new motto. 'Non-traditional' exports are encouraged in vast quantities from developing countries. They are forced into cut-throat competition with the cheap-labour producers of Eastern Europe. The export markets are mainly Europe and North America. Oversupply of exports into these markets obliges the Third World producers to cut their prices. The price of industrial goods and primary products thus plummeted in the world market. Competition between and within Third World countries contributes to depressing wages and prices. 'Export Promotion' taken seriously by a number of countries leads to

overproduction and diminishing export revenues. *The maxim ‘Export or Die’ ultimately leads to lower commodity prices, less export revenues and the swelling of external debts.*

The economic stabilisation measures imposed on the South and the East moreover backfire on the economies of the rich countries. Poverty in the Third World contributes to a global contraction in import demand which in turn affects economic growth and employment in the OECD countries. Structural adjustment transforms the Southern and Eastern economies into open economic spaces which become reserves of cheap labour and resources. The simultaneous development of new export activities in a large number of locations is conducive to greater competition and manufacturing. In as much as the world demand is not expanding, the creation of new productive capacities in some countries will be matched by economic decline in competing Third World locations.

A report recently published by the World Bank challenges the validity of the East Asian ‘economic miracle’, since it has failed to eliminate poverty and inequality in the region. While conceding that Asian poverty has declined dramatically over the past two decades, the World Bank nevertheless charges that “two-thirds of the world’s poor still live in Asia, struggling to live on less than a dollar a day with little access to skilled jobs, education, medical treatment or adequate nutrition”.¹⁰

The World Bank has been the leading proponent of foreign direct investment (FDI)–financed development, which Washington officials called a ‘win-win’ option, meaning that both host and investor countries enjoyed great benefits from FDI. Now it has been recognised that economically and socially speaking, this development is only ‘skin deep’ and does little to impart an industrial and technological culture. (Indigenously generated development succeeds better, although at a slower rate.) Nor does it address the problem of inequality caused by huge differentials between those who work in foreign-owned hi-tech manufacturing plants and those who labour in more lowly occupations.

When the World Bank charges that access to skilled jobs and education in East Asia is still limited and that “there are still

millions left behind as prosperity rises'' in the region, *it is really condemning the policies that it has promoted, rather than exposing the shortcomings of East Asia's economic miracle.* There is nothing in the World Bank's latest critique of growing inequality in Asia that has not been said before by UNCTAD and other agencies. But they were saying it several years ago when the World Bank did little but extol the virtues of 'market-friendly' development.

Uncertain Prospects

Globalisation, once seen as an unstoppable trend, is running up against growing popular opposition in the Western world. Prominent economists warned at the World Economic Forum's annual meeting at Davos in February, 1997, that Governments need to do something urgently to convince ordinary people that globalisation is beneficial. Fred Bergsten, the Director of the US Institute for International Economics, spoke of a "globalisation backlash", while Lawrence Summers, the US Deputy Secretary of Treasury, urged business leaders to see that "no one gets left behind" because of globalisation. It is significant that while in the 1980s, opposition to globalisation was largely confined to the developing countries, there has been a reversal of roles in this decade. Globalisation has resulted in old jobs being destroyed as companies shift their attention to the emerging markets, and wage rates falling in response to competition from the developing world. *Individual firms react to globalisation by cutting jobs, leaving employees to face the consequences.* "Adjustment is not an issue for firms – they react by cutting cost and shedding labour... In the US it is real wages, in Europe it is unemployment", pointed out Horst Sibert, the President of the Kiel Institute of World Economics.

The process of globalisation has brought "new political and moral challenges", said Sir Leon Brittain, the Vice-President of the European Commission. *He spoke of the growing debate on the consequences and implications of globalisation and conceded that there were fears about "the impact of globalisation on our economies, jobs, societies and cultures".* As a firm believer in globalisation, Brittain however added: "There is a broad

international consensus in favour of globalisation. But this consensus is not universal, nor is it immune from threats. There is no genuine alternative to globalisation. Anything else would be a blind alley. But we must be able to handle globalisation in a way that maximises welfare. All of this is demonstrable, but it needs demonstrating.” *All the same, is it not possible that the perceptions of so many ordinary people throughout the world are more right than wrong?*

The UN Secretary General, Kofi Annan, further pointed out that in the developing world as well, globalisation is very far from having delivered all it has promised. “The benefits of globalisation are not always apparent to the poor, the hungry and the illiterates. Over 60% of the world’s population must subsist on \$ 2 or less per day. A hundred of the world’s countries are worse off today than they were 15 years ago. An increasing disparity between the rich and the poor countries remains a serious threat to stability and to long-term economic growth.” *This is indeed a very serious indictment! In fact, one can even ask whether globalisation really benefits the poor and the marginalised – except perhaps on a quite long-term basis...*

We tend to look at globalisation only in a narrow economic sense, or as trade and industrial competition. *We also have to think of globalisation as the inevitable consequence of increased communications and contacts, and in its manifold cultural forms.* **In spite of all its pitfalls, we must therefore accept globalisation, fight it and transform it where necessary, and make available its numerous potential benefits.** It is true that globalisation was, and is, disastrously used by the dominant Western powers to promote their vested interests. But Third World countries have to get better organised and put their case in a more convincing and forceful manner. *The world must learn to evolve an equitable and dynamic strategy to deal with global trade and cash flows. It must learn to hold mutually enriching exchanges in the economic, political, ecological and cultural fields.* **All this is undoubtedly very difficult, but it is also historically imperative for the progress and even survival of the whole humanity.** Hopefully, the prevailing doctrine of the 21st century will not be capitalism, nor socialism, nor nationalism,

but genuine and equitable globalisation or globalism. This will probably be fostered by all those who believe in a Universal Civilisation (truly based on the common good and other shared values, a global economy and a worldwide parliament), while cherishing all sorts of legitimate diversities and pluralisms.

3. THE BACKLASH AGAINST GLOBALISATION

James David

Globalisation has come to mean a natural trend caused by swift technological changes in human progress. It has also generated an unanticipated and often unrecognised backlash. The North and South, the developed and developing countries, have all suffered the ecological crisis, downward leveling and the demolition of the cultural infrastructure. *This has generated much popular pressure for rethinking.* “There is a growing revulsion against conservative/market policies with their austerity, value-added taxes and entitlement cuts designed to keep financial markets and budgets safe for the economic elite.”¹

Recent Economic Developments

In order to comprehend the emerging backlash, it is important to trace the recent developments of globalisation. *In the early 1970s, capitalism entered a worldwide crisis.* A wide range of expectations, based on the assumption that post-war growth rates would continue, were not fulfilled. Economists are still debating the causes of this crisis. Maybe it was one of the downward spirals that have been the characteristic of the capitalist system. It could also be due to the fact that Japan and Europe revived from the devastation of World War II and over a hundred European colonies became sovereign nations – two factors which led to the intensification of international competition. In the process, the United States lost its dominant position as the global economic power. Yet, another factor of some significance was the heavy military spending during the Vietnam war, resulting in a long-term drain on productive investment.

In response to the chaotic global economy of the 1970s, the North-South dialogue under the auspices of UNCTAD was initiated to develop a New International Economic Order (NIEO). It did not try to replace capitalism, but insisted that the world economy be managed to support the development and relative self-reliance of poorer countries. Faced with intensifying international competition, corporations began experimenting with strategies to increase profits by reducing their labour and other costs. These strategies included moving their operations to lower-cost locations, overhauling their structures to face a highly competitive global economy, redesigning policies to reduce costs and creating a system of global economic governance suited to their objectives.

Of the top 100 economies in the world, 47 are corporations – each with more wealth than the 130 developing countries.² Production increasingly takes place in a global factory where different phases of production are performed in different countries. “When an American buys a Pontiac Le Mans from General Motors for \$ 10,000, \$ 3,000 goes to South Korea for routine labour and assembly operations, \$ 1,750 to Japan for advanced components, \$ 750 to West Germany for styling and design engineering, \$ 400 to Taiwan, Singapore and Japan for small components, \$ 250 to Britain for advertising and marketing services and about \$ 50 to Ireland and Barbados for data processing.”³

*Capital and financial markets have become global. Since 1983, foreign direct investment has grown at an average of 29% a year, three times faster than the growth of export trade and four times the growth of world output. “Some individual currency speculators have as much money as some small countries.”*⁴ International economic institutions like the IMF, WB, GATT and European Union have developed powers formerly reserved for nation-states. *National governments have become less and less able to control their own economies.*

Large corporations began to see nationally regulated capitalism as an obstacle to their emerging strategies. Corporate leaders and economists evolved a new public policy agenda to overcome this impediment. This corporate plan appeared under a

variety of labels such as monetarism, deregulation, laissez-faire, neo-liberalism and supply-side economics. *These policies were not always what they claimed to be, and/or they often failed.* For instance, world financial institutions and banks eagerly encouraged Third World countries to incur extensive debts – thus leading to a continuing crisis of unrepayable debt. Policy-makers deliberately used high unemployment to fight inflation. They cut wages, made public services leaner in the name of efficiency and went soft on environmental protection to reduce production costs. Unemployment and falling real wages led to declining consumer demand for products worldwide. The class compromise which had given labour and other non-elite groups a voice in the economic policies of many countries was renounced. Trade-unions and other popular forces were marginalised in the political process and in some countries repressed. A simple but incredible formula is being offered as a panacea for all ills: each country should reduce the costs for labour and government in order to become more competitive in the global economy.

Most Third World governments abandoned the pursuit of a more international economic order and instead acceded to virtually any conditions in exchange for loan renewals. Their austerity plans in turn reduced the markets for industrial products from developed countries. Similar shock-therapy plans were imposed on the ex-communist countries as a precondition for loans and investments. In 1994, Paul Volcker, former Chairman of the US Federal Reserve, assisted by some monetary experts from the world's richest countries, argued that there was no reliable long-term approach to coordinating policies, stabilising market expectations, and preventing extreme volatility and mis-alignments among key currencies. They proposed several immediate measures, to be followed by a more formal system for managing exchange rates. According to Kenneth H. Bacon of the Wall Street Journal, "the Volcker Commission's plan would in effect require countries to relinquish some of their economic sovereignty".⁵

Since its formation in 1948, GATT has established certain rules governing tariffs, quotas and the like. GATT was dominated by the major trading countries and was not officially part of the

United Nations. Hence it was insulated from pressures that might be brought to bear by the poorer but numerous countries of the South. Its mission was restricted to reducing barriers to trade; it wielded the powerful weapon of trade sanctions to enforce its decisions.

Early in 1994, more than 100 countries – nearly four-fifths of the GATT membership – signed an agreement to transform GATT into the World Trade Organisation (WTO) **to create a powerful centre of global economic governance**. GATT was only a contract between countries and its rules could be rejected, but the WTO is a legal entity like the United Nations or World Bank. *Its rules are binding on all members and apply to state and local governments. The WTO economic activities are also greatly expanded.* While GATT had primarily regulated trade in goods, *WTO rules cover agriculture, services, investments and intellectual property rights.* They will establish ceilings for environmental, food and safety standards. According to an OECD/WB study, the industrial countries will receive 70% of the additional income resulting from increased trade; at the opposite pole, Africa will lose \$ 2.6 billion by 2002.⁶ The treaty establishing the WTO, *a mechanism for eliminating regulation*, runs to more than 22,000 pages and weighs about 180 kgs.⁷ *This treaty formalises a world economic government dominated by giant corporations without a rule of law to hold it accountable.*

Alongside globalisation is the proliferation of regional 'free trade' agreements and institutions. The European Union (EU), the North American Free Trade Association (NAFTA), the Association of South East Asian Nations (ASEAN), the Asia Pacific Economic Cooperation (APEC), the Central American Common Market, the Andean Common Market, and several others generally operate in accordance with the rules of GATT; but they are creating what has been called a 'layered governance in the global economy'.⁸

Consumer Culture and Fundamentalism

In the sphere of culture, globalisation often leads to a world of consumerism, uniformity and fundamentalism. *Globalisation indeed contributes to the worldwide development*

fundamentalism. It carries the discontents of modernisation and post-modernisation to traditions, specially religious, that might have remained encapsulated. *Alongside, we note the homogenising trends that are summed up in the phrase 'global consumer culture'*. Value-laden terms like 'Americanisation' and 'Western Cultural Imperialism' are also often employed, and not without good reasons. These terms imply that the consumer culture that was developed in the USA in the middle of the twentieth century has been mass mediated to all other parts of the world. Consumer culture means more than simple consumption; it is more than an interest in consumption which is historically universal.⁹

In a consumer culture, consumption becomes the main form of self-expression and the chief source of identity. This means that both material and non-material items, including kinship, affection, art and intellect become tradable and that their value is assessed by the context of their production or use. Consumption or capacity to consume is captured in such terms as taste, fashion or lifestyle; these become key sources of social differentiation, substituting class and political affiliation. The consumer culture is created through advertising and the make-believe effects of the mass media. In its original form, it was probably a deliberate creation. But under post-modernised conditions, it is 'hypersimulated', it has a life of its own that goes beyond the control of any particular group.

In its original version, consumer culture depended on mass mediated advertising and simulation. Now the process has entered a global phase with the expansion of communication technologies beyond the nation-state society. Examples are many, but a few may illustrate this point. Nike and Reebok casual shoes and Levi jeans infuse global popular culture. In food and beverage products, global branding has been so effective that the examples are almost too obvious: Coca-Cola and its rival Pepsi are the paradigm case, now doing battle in India; McDonalds and its rivals, Pizza Hut and Kentucky Fried Chicken restaurants.

There are two broad views of the way in which consumer culture pervades the globe and invades the individual. The most common explanation is one in which individual identity is fused

into culture. Capitalism transforms people into consumers by altering their self-images and their structure of wants in directions that serve capitalist accumulation.¹⁰ This view is subject to controversy, for a majority of the population of Eastern Europe embraced consumer culture despite massive propaganda about the evils of consumerism. Yet, another view is that consumer culture is an extension of the process of Western rationalisation. The society at large is afflicted by a process of 'MacDonaldisation', that is, the principles of the fast-food restaurant (e.g. efficiency, calculability and predictability) are coming to dominate more and more sectors.¹¹

Modernisation, a concomitant of globalisation, generates mass media that can permeate and dissolve boundaries between localities and between political entities. Therefore it allows cultural transmission to take place at an increasingly rapid rate, using complex technology. Television for example penetrates mass markets; it is being hailed and feared as a more powerful and pervasive medium than radio, with greater potential to affect the minds of those consuming its contents. *All this technology originates in advanced capitalist societies as does much of its content.* Most of the news, information, entertainment programming, sport and advertising flow from the advanced societies to those which are on the fringes. Not only the programme producers but also the advertising agencies and news bureaus as well as the companies that manufacture consumer products are owned and based in advanced capitalist societies. Advertising seeks to sell products by depicting idealised Western lifestyles, often under the universalising themes of sex, status and brotherhood of humanity.

The emergence of cultural imperialism in the absorbing nations is becoming more and more apparent. Cultural flows through the mass media dissolve internal boundaries and knit disparate societies together. Satellite broadcasting denies the possibility of national sovereignty over the airwaves. American hardware, American programming and English as the common language have become the global communication system. English may well become the common public language of the globalised

system and the vernaculars may be restricted to localised and domestic contexts.

Globalisation moreover contributes, both directly and indirectly, to the worldwide development of fundamentalism. In a secularised society, individuals tend to be non-religious or even irreligious, and religious beliefs and practices to be restricted in time and space as indicated by the expressions 'only on Sundays' or 'only in the Church'. Yet, *a wave of fundamentalist transformation is energising the old religions. Globalisation or post-modernisation seems to accelerate the search for a single truth that can reference all social mores and practices.* Fundamentalist religious and ethnic movements thus prosper. These movements are anti-modern and aim at reorganising all spheres of life in terms of a particular set of traditional values. The New Christian Right in the USA for example seeks to influence politics in the direction of reduced moral and sexual permissiveness, a repressive attitude to crime and other forms of deviance, etc. This movement made a significant contribution to the ideological tinge of the Regan-Bush presidencies. More importantly, evangelical broadcasting has found its way beyond the borders of the USA by means of short-wave radio and satellite television. The three largest Christian broadcasters produce 20,000 hours of programming a week in 125 languages, which makes them the largest single element in transnational broadcasting.¹²

Another example of fundamentalist revival is the one that began in Islam in the 1970s. Until then the Islamic world had been dominated by the issues introduced by secular nationalist and socialist movements. With the failure of Western modernisation to deliver either material benefits or a coherent system of meanings, fundamentalism became the answer. Khomeini in Iran, General Zia-ul-Haq in Pakistan, the Hezbollah in the Middle East, all have one object in common – the rejection of modernisation and secularism. 'Islamisation' is the rallying cry and education centres on the holy book. The economic system is oriented to redistribution rather than acquisition. Sharia law displaces secular law and all forms of entertainment are puritanised.

Far-Eastern fundamentalist movements such as Soka Gakkai (Japan) and Moon's Unification Church (Korea) are significant in the context of globalisation. Soka Gakkai emphasises traditional rural values. It is militantly evangelistic and it stands for revitalising the state in the face of Western decadence. It aspires to become a world religion proclaiming a war-free millennium and promoting nuclear disarmament. The Moon's Unification Church, which originated in Korea in the 1950s and spread to the West in the 1970s, aims at restoring the Kingdom of God on Earth. This community will be a theocracy.¹³

K.N. Panikkar thus explains **the serious implications of cultural globalisation for social integration in India:** "Colonialism has already spawned an identity crisis, particularly among the middle class. Cultural imperialism tends to deepen the crisis, be it in relation to daily preoccupations like leisure and entertainment, food and dress or in respect to linkages with tradition, knowledge or art. *An urge to overcome this is quite natural and to some extent compelling. An easy and possible solution would lie in reinforcing one's roots, which tends to lead towards fundamentalism and communalism.* If religious life is divorced from social life, conservatism and 'modernity' could happily co-exist, as is evident in the Indian middle class. Such a tendency does not contribute to social integration. On the contrary, it sharpens conflicts... It adversely affects the interests of minorities, as they are increasingly excluded from the mainstream."¹⁴

Resistance to Globalisation

It is not therefore surprising that mass upheavals and political crises broke out in several countries from Egypt to Brazil as SAPs, imposed by the IMF and WB, ran their course. In 1989, weeks of rioting were triggered when the Venezuelan government raised transport fares and other subsidised prices in response to IMF demands. In Morocco in 1990, a nation-wide general strike demanded labour law reforms and a doubling of minimum wages. Thousands of people rampaged through the streets, buildings were set afire and buses, cars, banks and shops were attacked. According to Reuters, "hardships had been worsened by the

austerity programme introduced at the behest of the WB and the IMF'.¹⁵ A few days after the upheaval, the government pledged to raise salaries and improve social benefits.

In India in 1992, an estimated 15 million workers participated in a one-day nationwide industrial strike to protest the government's New Economic Policy (NEP). Unions maintained that the NEP was adopted under pressure from the IMF and WB as condition for loans. The strikers demanded a halt to the privatisation of public enterprises, an end to plant closures and labour retrenchment, a reduction in the prices of essential commodities, restrictions on the entry of foreign corporations, preservation of public sector banks, worker participation at all levels of management and protection of the right to strike.¹⁶ In Bolivia (1994), after months of protests and social unrest, workers conducted a general strike, and several hunger strikes and road and rail blockades. After 23 days of national work stoppage, the government agreed to a 15% raise in the minimum wages and some other increases.¹⁷

People in the Third World have frequently used elections to express their opposition to the effects of globalisation. In 1993, after five years of SAP imposed by the IMF, Venezuelan voters threw out the parties that had run the country for 35 years. They elected a president whose platform called for ending 'free market misery' by substituting a luxury tax for the value-added tax, ending privatisation, restoring some state subsidies, protecting food production and the textile industry and renegotiating the foreign debt.¹⁸

Most dramatic of all was the Chiapas uprising that began on January 1, 1994, the date that NAFTA went into effect. Indigenous people, organised as the Zapatista National Liberation Army, seized the principal cities of the southern Mexican province of Chiapas and triggered an unprecedented push for political and economic reforms – the impact of which may well continue for years to come.

Major revolts against authoritarian domination emerged in Korea, Philippines, South Africa, Brazil, China and other emerging or would-be Newly Industrialised Countries (NICs). At

the heart of this resistance were often new labour movements organised in the new industries producing for the global economy. In South Korea in the 1980s, when the state started to promote export-oriented industries, real wages began to stagnate and relatively skilled workers used shop-floor strikes to demand higher pay and better working conditions. Militant strikes were supported by working-class communities and student groups. In Brazil, such strikes initially began in the auto-plants whose workers launched a new labour federation covering textile, construction, transport and agricultural workers. This new labour movement laid the basis for a new class-based politics insisting that the demands of workers and their families be considered during the transition to civil rule.

In South Africa, workers in newly expanded heavy industries used shop-floor strikes, supported by consumer boycotts and community stay-aways, to force employers to negotiate with workers, as well as the state to reform labour legislation. South African union membership quadrupled between 1979 and 1991 (700,000 to 2.7 million). The new union organisations worked with community organisations to mobilise the uprising that spread across South Africa in the second half of the 1980s, and ultimately forced an end to apartheid.

With the fall of communism in Russia and Eastern Europe, the rapid transition to the capitalist economy through a 'shock-therapy' strategy similar to the SAP imposed on Third World countries, was set in motion. The experience has been one of disaster followed by the mass rejection of free market policies. In the parliamentary election held in Russia in December 1993, the ex-communists, neo-fascists and the like trounced the advocates of market reforms. The same story was replicated in Poland, Slovakia, Lithuania and Hungary.

Disenchantment with economic liberalism is not confined to the Third World or the former communist countries. The First World too experienced opposition. The French government plan to let employers pay young workers only 30 to 80% of the minimum wage met with sharp dissent. The ensuing demonstration was similar to the social upheaval of 1968 and forced the government to withdraw the plan. Spain and Belgium

witnessed general strikes to protest against the austerity package to lift the economy. The US Republican Party lost its credibility in the 1992 Presidential election and registered the lowest share of the vote in 80 years. In Japan the Liberal Democratic Party lost power for the first time since 1955. The inglorious exit of the Major government in the UK was also a payback for economic rationalism.

This widespread opposition led to the announcement of the Brady Plan to write off part of the Third World debt. Significant changes towards democratisation have been introduced in Korea, South Africa and Brazil. **Yet, the antidote to globalisation is still elusive.** The Venezuelan experience reminds us that the fight against globalisation has a boomerang effect. After the Venezuelan voters threw out the parties that supported SAPs, foreign investments dropped by 30% and foreign reserves slipped by 17%. To stem the tide, the President who had vowed to end the market economy, declared: “We aspire to develop a free and competitive economy.” He then announced budget cuts, new taxes and a radical privatisation plan.¹⁹ The New Democratic Party elected on an anti-NAFTA and anti-corporate Agenda in Ontario, the richest and most populous province in Canada, initiated the worst anti-worker intrusion into trade union freedom in Canadian history. In Hungary, the former communist officials who won the 1994 election on a wave of opposition to shock-therapy, have made only feeble attempts to change the economic policies. **Politicians are realising that there are no easy solutions to translate the anti-market and anti-privatisation sentiments into reality.**

David Rockefeller hoped that the free market forces were capable of transcending national boundaries to serve broad human interests. We are also often reminded that globalisation builds a global village. And we were told that the 1990s would be years of economic recovery. *Yet, the facts have betrayed such prophecies.* In 1993, the profits for the 500 largest US manufacturing and service corporations grew 14% but the benefits did not necessarily trickle down. The same companies cut back 10% of their work-force despite the ongoing economic recovery!

As we draw closer to the end of the twentieth century, *we become increasingly aware of the crisis in which nation-states find themselves*: they appear unable to make their economies grow, meet the claims of their citizens, offer transparency in the exercise of power and ensure a bright and certain future to their populations. Universal human rights, the planetary environment, liberal democratisation, ethnic diversification and cosmopolitanism are globalising practices. *Against these practices, territorial boundaries are becoming difficult to maintain. Meanwhile the economy is being dominated by lifestyle choices.* **This impels us to realise that only grassroots efforts can save us from the present predicament. We must think globally and act locally.**

4. THE MYTHS OF GLOBALISATION

Vikas Adhyayan Kendra

Globalisation essentially signifies the emergence of a seamless or borderless global economy. It is characterised by the globalisation of trade, investment, finance, labour, knowledge and technology. The collapse of the socialist alternative was exploited as an opportunity to justify and spread globalisation. Today the representatives of capital are aggressively promoting it, resurrecting the neo-classical theory of competitive capitalism. Their professed aim is to create “balanced growth, development and trade” to avoid “islands of affluence” in the midst of an “encircling sea of poverty”. They claim that globalisation will ultimately evolve a more “just and equitable world order”.

Globalisation is thus presented as an effective strategy for development, and also as a challenge for the South to grow to the size and structure of the North and in the image of the so-called Asian Tigers like South Korea, Singapore, Hong Kong and Taiwan. A related false claim is that globalisation is an ‘established fact’, the only option now open to the South.

The main motivation behind this ‘New World Economic Order’ is the integration of emerging capitalist countries like India. In our country, globalisation was introduced in two phases: (1) in 1980 through ‘economic liberalisation’; and (2) in 1991 with the imposition of SAP, involving the restructuring of the economy.

When one looks at the facts, the arguments or claims for globalisation tend to become fragile as there is a widening gap between myth and reality. Some of the ardent supporters of

globalisation have been dissenting over the rapidly deteriorating conditions of people in the South. In 1996, at the World Forum at Davos (Switzerland) and the UNCTAD-IX Conference at Midrand (South Africa), globalisation was sharply criticised for eroding economic and social stability, and creating unemployment. Further, global competition has led to a 'winner-take-all' situation with the 'winner' growing and the 'loser' either opting out or getting 'integrated'. Massive profits no longer mean more job security and better wages but increasing retrenchment.

The most crucial issue for the South is economic globalisation, that is, the transnationalisation of capital and production based on a single global logic of exchange. *The South has no influence proportional to its numbers in the present global decision-making. Its interests are in sharp contrast to those of the North.* In spite of profound economic reforms to be 'integrated', India's share of world trade is not even 1%.

Globalisation, in its present form, turns people's productive and creative capacities and their natural and socio-cultural resources into commodities exploited by the TNCs and international financial systems. It has disrupted the traditional support systems and the distribution of natural resources, thus creating newer conflicts besides robbing societies of older mechanisms of coping with conflicts. By imposing radical changes, globalisation has stifled the spontaneous evolution of devices to counter the pressures. It has sent a green signal to the economic might of a few countries to lord it over others. *Globalisation is therefore a ploy to establish a one-sided and imbalanced political equation which deepens the polarisation between the North and the South, and the rich and the poor in the South.*

Instead of being a solution to the problems of poverty and inequalities, globalisation only increases the existing contradictions and creates new ones. It is therefore necessary to examine the false promises, simplistic formulations, misrepresentations of facts, etc., on globalisation and thus lay bare its logic and direction as well as its various myths.

Myth 1. Integrating their economies with the North will enable the South to undertake the daunting but vital task of modernising their economies enabling them to be an essential part of the progress achieved, and thereby survive as members of a modern and dynamic body of nations, thus freeing them from global isolation.

Fact. Implicit in this claim is the belief that, in the present-day economic situation, no country can grow in isolation; one has to depend on foreign investment. This is an outdated view rooted in the colonial era. In their expansionist designs the colonial powers trumpeted the 'benefits' non-Western countries could acquire by integrating themselves into the Western economies. They thus succeeded in not only prising open these subsistence economies but also in imposing their own patterns of trade, commerce and culture upon them. The impact of these policies eventually led to the plunder, oppression and impoverishment of the South. *Quite clearly, integration has been disadvantageous to the South.*

The related myth that the South will benefit or develop through the process of transfer of jobs is nothing but a geographical version of the trickle-down theory. When labour moves to the South, it is by no means automatic that the shift will bring Northern levels of employment and prosperity to the new countries. There is no automatic counterpart in the South to compensate for job losses being experienced in the North. The reality is that, by relocating production and services, the TNCs and their local corporate allies form hi-tech islands where they can make a fast buck, protected by state patronage. This relocation represents merely a small part of global foreign investment flows. *Job gains from this process are far outweighed by the loss of jobs in the South* caused by massive and continuous outflows of its resources to the North through interest on foreign debt, payments for technology dependence, profits accruing to foreign investors, etc. These resources indeed constitute potentially investible funds. If they had remained in the South, they could have boosted investments in the region and contributed immensely to job creation.

Besides, the so-called world economy is really the economy of a few big industrial countries, the G-7 group. These account for

only 17% of the world population and they themselves are being undermined by serious structural problems. Let us mention three instances. (1) In the US during the 1980s, 75% of the income gains went to the top 20% of the families that control 55% of all wealth. Yet, the US has a huge trade and fiscal deficit, and a run-away national debt that has increased sixfold in the last couple of years. (2) According to a report of the Wesley Mission, one of the major charities in Australia, 1.8 million Australians – about 11% of the population – including 500,000 children live below poverty line. A further 600,000 are just above the poverty line. (3) In Japan the sacrosanct taboos of Japanese economic culture have been broken as factories were closed and workers laid off to restructure an over-extended economy.

Myth 2. Countries with the highest level of integration exhibit the fastest output growth and have benefited immensely from globalisation.

Fact. *Countries that have integrated faster into the world economy have grown at a slower pace than those that have followed a more conservative approach.* The source of this second myth is a WB publication, ‘Global Economic Prospect and Developing Countries’. According to this book, the fast and moderate integrators have had an average per capita growth rate of 0.85% against (-) 0.98% for the weak and slow integrators. Thus, it concludes that integration is the path to constructive growth.

While different rates of growth do appear to be correct, it does not follow that integration is the best path to growth. *There are indeed other equally relevant factors that also influence growth, viz, savings, culture and governance. To assess the impact of integration, differences within each region therefore need to be considered.* According to WB data for 1980-1993 in East Asia, the fast integrators like the Philippines, Thailand, and Malaysia registered a lower growth rate of 3.10%, while the slow integrators like China, Korea and Indonesia had an average growth rate of 6.87%.

The situation is the same in South Asia. India, Bangladesh and Pakistan were slow integrators with an average growth rate of 2.73%, while Sri Lanka and Nepal, the fast integrators, had only

a 2.35% growth rate. Similar is the experience in the Latin American countries. The fast integrators with high growth rates in the 60s and the 70s have negative growth rates in the 80s. The earlier high growth rates were due to heavy external-borrowing led demand, but *when the debt had to be serviced, the growth rates collapsed*. As long as it receives a significant net inflow of foreign direct investment, East Asia may show important signs of growth. The litmus test will be when the inflows become a trickle and the repatriation of profits by TNCs increases. *Globalisation appears to be very attractive in the short run but harmful in the long run.*

Myth 3. Economic growth in trade and commerce will benefit society as a whole.

Fact. Measures of growth are grossly flawed. They are merely measures of activity in the monetised economy. For instance, the increase in consumption of items like cigarettes and alcohol increases economic output both as a direct result of their consumption and because of the related increase in health care needs. The need to clean up oil spills generates economic activity. Gun sales in the West to children generate economic activity. It is now well documented that *in the US and in other Northern countries, the quality of life has been steadily declining as aggregate economic output rises. In the existing measures, 'growth' is always conceived in terms of quantity rather than quality.* It is envisaged in terms of more machines, more and more agricultural chemicals, when the health of the environment and of people calls for a more labour-intensive economy and natural fertilisers to safeguard the well-being of both. The world's economic output has risen five to seven times since 1950. This so-called growth has already enlarged the human burden on the planet's regenerative systems – its soil, air, water, fisheries and forestry systems – beyond what the planet can sustain. Continuing to press for economic growth beyond the planet's sustainable limits accelerates the rate of breakdown of the earth's regenerative systems and it intensifies the competition between the rich and the poor for the dwindling resource base.

Today's growth pattern does not solve, but deepens, the problems of poverty, unemployment and inequalities. For

economic growth is promoted on a labour-saving technological model, deliberately chosen to suit the declining population of the North. By the end of this century, a large majority of the youth will be in the South. But science and technology are under the power and control of the Northerners. The so-called free-market regime moreover operates to answer the needs of the rich and the powerful. By its own logic it excludes those who have no entitlements to participate in the market. Given the reality that 85% of the world's income is in the hands of 20% of the world's rich, the production pattern is naturally geared to meet the wishes of the rich. The wants of the rich get priority over the needs of the poor. In this dispensation, the working class and other sections of the poor are considered as dispensable residuals.

The growth myth carries the corollary that a rise in the level of unemployment has to be tolerated to avoid inflation and maintain a 'sound economy'. Not for a moment is it supposed that the money mechanism might have to be adapted to essential human needs.

Myth 4. Foreign investment contributes to the development of the country and its people.

Fact. In the post-liberalisation period there has been a substantial rise in foreign investments. Yet, ironically, data from government sources reveal that the incidence and percentage of population below the poverty line have not decreased but increased. According to the estimates provided by the Planning Commission's mid-term appraisal, the living conditions of people have deteriorated in the post-reform period. Similarly, the statistics provided by the 48th round of the National Sample Survey (NSS) show that during the first two years of the economic reforms, the share of consumption of the bottom 30% of the population has declined significantly. For the middle 40%, there is a decline in the rural areas and near stagnation in the urban areas. However, there is an increase in consumption levels of the top 30% of the population and much of this can be attributed to the increase of the top 10%. This clearly illustrates that *the living conditions of the poor are worsening while those of the rich are improving.*

The related myth of the 'foreign investor' should also be rejected. Foreign investors today are entering into the country primarily to invest in high-yield, high-liquidity financial securities (public treasury bonds, shares, etc.) which they can get rid of on the free market at the remotest hint of insecurity. This type of volatile capital is what has replaced the money provided in the past by the private banks with which Southern countries contracted their foreign debts. (And which in retrospect were more stable partners because of their interest in recovering longer term credits.) *All this goes to make the South hostage to this mercurial form of foreign investment.* It is into this kind of world economy that the country is being made to integrate. Ironically, the mythical foreign investor continues to be adored, although politicians endeavour to publicly distance themselves.

Myth 5. Transnational corporations are benevolent institutions and effective solutions to the problem of unemployment.

Fact. The corporation is an institutional invention specifically and intentionally created to concentrate control over economic resources, while shielding those who hold the resulting power from liability of the consequences of its use. The more national economies become integrated into a seamless global economy, the further corporate power extends. Its boundaries are beyond the reach of any state. *It becomes less accountable to any human concern or institution. Its loyalty is only to the global financial system that is best described as a gigantic legal gambling den.*

Economic globalisation expands the opportunities for TNCs to go about their business of concentrating wealth. The 5,000 largest TNCs in the world shed 4.4 million jobs between 1980 and 1993, while increasing their sales by 1.4 times, their assets by 2.3 times, and compensation for their chief executives by 6.1 times.

The same TNCs now employ only 0.05% of the world's population but control 2% of its economic output and 70% of its trade. Five TNCs control more than 50% of the total global market of the six major industries (consumer durables, automobiles, airlines, aerospace, electronic components and steel). And the consolidation continues.

5. THE POLITICS OF GLOBALISATION

Dr. Varghese George

The history of globalisation dates back to the time of conquests and colonisation. The search for raw materials led to the opening up of new lands and trade routes. Tewodros II, an Ethiopian Emperor, spoke for a whole generation of African rulers when he said in 1860: "I know their fame, first the traders and missionaries, then the ambassadors, then the cannon. It is better to go straight to the cannon." After his defeat before an invading British force in 1868, emperor Tewodros committed suicide. *This is how the African continent was 'discovered'.*¹ *Latin America and Asia met with the same fate.* Today's most backward parts of Central America and the Carribean, the North East of Brazil, the predominantly indigenous areas in the Andes and in Mexico and the mining zones of Brazil and Bolivia, are all areas where the most extreme exploitation of natural and human resources occurred *in the early period of colonisation.*² It is also well-known that India's colonisation gave a great boost to the British economy. In short, **colonisation provided a tremendous flow of resources from the Third to the First World.**

With the dawn of nationalism and independence in the former colonies, the rich nations started meddling in the internal politics of these countries in order to secure that the flow of resources would continue. Wherever the national governments did not fall in line, the rich nations installed puppet regimes to serve their interests. President Salvador Allende, the head of the Left Democratic Front in Chile, nationalised the copper mines owned by the Americans. The US reaction was swift. On September 11,

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1973 the armed forces of Chile with the US backing overthrew the democratically elected government, outlawed all political opposition, arrested thousands of activists and abolished the constitution. Even before Allende came to power, the International Telephone and Telegraph Company had prepared a document which suggested ways of preventing Allende from assuming the presidency and of toppling his regime if he did so. **This is the politics of globalisation. If you defy the exploiters, democracy is thrown away.** The entire political apparatus of Chile was dismantled to install the dictator General Pinochet.

Nowadays, such direct take-overs are not frequently resorted to. The military is indeed replaced by international financial institutions armed with new policies called SAPs, which are nothing but terms of bondage. These include liberalisation of trade, budgetary austerity, privatisation of public undertakings and financial institutions, devaluation, etc. Yet, when President Aristide – elected with two-thirds of the vote – became a threat to these policies in 1990 in Haiti, the US staged another coup and ousted him. The international opinion was so strong against this displacement that the US again used their military might to restore him to power. As a condition for US support, Aristide however signed an agreement with the Paris Club of international creditors. Then the IMF entered the scene to urge the Haiti Government to privatise certain core sectors of the economy.³

There are numerous cases where the erring countries have been brought to toe the line. Michael Manley, former Prime Minister of Jamaica, was one of the first Third World leaders to be manipulated out of office when he refused to administer some extremely harsh economic measures.⁴ *Mexico is also a recent casualty of the IMF-WB medicine.* Its strategy of attracting foreign capital backfired and foreign buyers have snapped up more than \$ 55 million worth of Mexican shares in the early 1990s. Mexico joined the North American Free Trade Agreement (NAFTA) which bound the US, Mexico and Canada into the world's largest free trade zone. In the ensuing economic debacle, the peso was devalued and foreign buyers dumped their securities. President Clinton then arranged a \$ 840 billion loan guarantee package to put the Mexico economy on an even keel.⁵ As a result of the

economic reforms, the US took control of PEMEX, the national petroleum company, a symbol of the pride of Mexican nationalism. Other state-owned industries may follow.

Mongolia is yet another case. After the collapse of the Soviet Union, the IMF and WB had a field day in Mongolia. The consequent social and economic effects were disastrous with the economy registering a decline of about 56% between 1990 and 1996. Floated, the tugrik was devalued from 6-7 to 400 tugriks to one US dollar. Industries became bankrupt, workers were paid in devalued currencies and the entire social safety system was dismantled.⁶ *Peru invited authoritarianism along with the IMF-WB.* Since Alberto Fujimori took over as President in 1990, four-fifths of the holdings of the state have been sold. The constitution and the assembly have been suspended. The new constitution created a smaller and single chamber assembly, banned political parties and allowed for the first time the president to run for a second term.⁷

Examples are galore to show how national economies were crushed. Third World economies are often controlled by international institutions dominated by the rich nations. Both the economy and the politics of several developing countries are in the hands of outsiders. *Many countries that have embraced economic liberalisation under duress, have undergone a serious erosion of personal liberty and democratic institutions.* The Korean type of development requires repression and regimentation. The absence of full human rights is neither arbitrary nor coincidental, but the natural consequence of choosing an export-oriented economy.⁸

The Indian Experience

When India embraced the idea of globalisation, many right-thinking people cautioned against it. The people rejected this concept in the Lok Sabha and State elections. But our rulers are still saying that the economic reforms are irreversible. This is a betrayal of democracy. From day one, we were asked through the Anderson memorandum to make adjustments and change our fiscal, industrial, trade and labour policies.⁹ *Our currency was devalued by 22% in July 1991. A country which imports 20 million*

tonnes of oil per year was in for a shock! Between 1991 and 1998, our currency has deteriorated from Rs 16 to Rs 39.5 per dollar. Since we are paying in US dollars when we buy oil, we are paying 2.5 times the amount without adding a single litre of oil.

A 20-30% reduction of customs duties is seen as an important step towards liberalisation. In 1991 customs duties on inessential items such as video cameras, fax machines and personal computers, were therefore reduced and these became less costly. Instead, excise duties on items like cement and paint were increased, resulting in higher prices for consumers. Since the import duty on caprolactum was reduced, the biggest Public Sector Industrial Concern in Kerala, FACT (which employs 10,000 workers) had to compete with the foreign counterpart and went into the red. By such measures we are destroying our national industries.

Another strong plank of the new industrial policy is privatisation or disinvestment. This has two parts: withdrawal of budgetary support and selling whole or part of the public sector enterprises (PSEs). Since selling some of the sick PSEs did not find favour with the buyers, the government embarked on a selling spree of profit-making PSEs at throw-away prices. The shares of SAIL, India's best steel unit, were for example sold for a pittance, but the same shares were traded at Rs 212 after the disinvestment. IPCL shares worth Rs 186 crore were sold in bundles at Rs 63.24 per share – though the public issue, a few months later, was fully subscribed at Rs 175. *The Public Accounts Committee of the Parliament estimated that the government thus lost about Rs 3,000 crore during the first and second phases of disinvestment.* In spite of these experiences, there was a repeat of the same policy in 1992 and 1993, and we are still pursuing an identical policy. The Disinvestment Commission, in its first report, indeed recommended more disinvestment or sale of shares, even in areas hitherto untouched like Modern Bakeries, Hindustan Latex, etc. These PSEs are real profit-making concerns maintaining high social responsibilities. Other important companies like ONGC, BHEL and BEL are already on the sale list. *Our PSEs are thus falling into the hands of monopolies and foreign buyers.*

As part of opening up the service sector, our telecommunication industry is being privatised. We built up the Telecom, the biggest in the Third World, with our own capital using Indian know-how. Under the new scheme, the entire country is divided into nine circles and the most potentially profitable circles are given to favoured MNCs. For a licence fee, the entire communication infrastructure worth thousands of crores of rupees, is put at their disposal. Only companies having had the experience of connecting 5 lakh lines were allowed to place tenders. This approach is clearly skewed in favour of the MNCs. The paradox is that the Indian Telephone Industry (ITI) was shut out from tendering in spite of being eminently qualified to compete. (This public sector industry had the capacity to give 30 lakh connections in 1997 and registered considerable profits.) One can see that the national industry is deliberately marginalised to favour multinationals.

Liberalisation has gone into the banking industry too. Since the nationalisation of banks in 1969, the banks have been discharging their obligations in a responsible manner. With liberalisation the whole face of banking has changed. Fifty-five foreign banks have entered the country. Some banks have crashed and others started to play foul. It is estimated that public sector banks have lost Rs 5,400 crore. The Mirdha Committee, appointed by the Parliament, found that four foreign banks – City Bank, Grindlays, Standard Chartered and American Bank – were guilty for the whole episode. The recommendation of the Committee to cancel the licences of these four banks is still to be acted upon. And we are even allowing new private banks!

The 1997 Union budget has allowed private insurance companies to operate in health insurance. In 1956, Feroze Gandhi made a passionate speech in the Lok Sabha, pleading for the nationalisation of the insurance industry by exposing the ways in which the private insurance companies were deceiving the policy-holders. The then Finance Minister concurred with the remarks. The nationalisation of the insurance industry followed and the Life Insurance Corporation of India became the major player in the field. Starting with an initial investment of Rs 5 crore, the Life Insurance Corporation since then gave back to the

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government Rs 1,100 crore as tax and an equal amount as share of profit. In 1971 the General Insurance Company was nationalised; in 1992-1993 alone, the GIC paid back Rs 275.94 crore as taxes and Rs 26.87 crore as share of its profit to the government. The insurance industry in this country is also engaged in financing certain social and welfare programmes with its surplus funds. *Attracted by the huge potential, overseas companies are eagerly waiting to enter the insurance field. A beginning was made with the opening in health insurance.*

Even the fishing industry felt the impact of liberalisation. About 180 foreign vessels were granted fishing licences in the Indian seas. On paying the licence fees, the government provided diesel to these vessels at subsidised rates. They were allowed to process the catch in their vessels as well. The Indian Ocean zone is the only remaining area where marine resources are in so great abundance. According to Thomas Kocherry, there are about 20 lakh people directly employed in the fishing industry in the country, and their dependents add to 80 lakh. The Murari Committee, set up by the Parliament at the instigation of the National Fisherworkers' Forum and other trade-union movements, recommended the cancellation of the licences issued to foreign vessels. While refusing new licences, the government has not yet implemented the Committee's recommendation.

The consumer industry is gradually slipping into the hands of multinationals. Foreign consumer goods are flooding the market, threatening the very basis of the Indian consumer industry. Coca-Cola, prior to its exit in 1977, was making 400% profit through its Indian operations. A new soft drink industry mushroomed in the vacuum created by Coca-Cola. Pepsi Cola arrived in India with an investment of Rs 22 crore and a promise of 4,000 jobs. It announced that it would use the brand name LEHAR and concentrate less on soft drinks. Coca-Cola returned in 1991 and within six months, it bought all other Indian soft drinks including Thumps-Up, Gold Spot and Limca. *The Indian soft drinks industry has become a shadow and almost only Coca-Cola and Pepsi are left to compete. And where are the promised jobs, exports and profits? The soap industry is yet another casualty of liberalisation. Many of the soap*

manufacturing units including the Tata Oil Mills, Cochin, were bought by Hindustan Lever. Similarly, several tea companies including Kisan Tea were bought by two MNCs, Brooke Bond and Lipton. Later the two merged and became Brooke Bond Lipton India Ltd! Instead of developing essential industries and the needed technology as per the globalisation propaganda, the MNCs are mostly interested in the more profit-making and quick-yielding consumer industries. And they are killing the competition and raising the prices!

Globalisation is moreover compelling India to change its 1970 Patent Act. This Act prohibits the patenting of seeds, pharmaceuticals and living organisms. This was intended to facilitate increased food production and less costly drugs through process patent instead of product patent. As of now, 15 MNCs including Uprohn, Monsanto and Pioneer, hold monopoly over 122 genetically engineered and patented products. As Scotch Whisky is always identified with the Scottish Highlands, and Champagne with France, Basmati rice is the exclusive product of India and Pakistan. Yet, it is presently available in US departmental stores with the brand name Tex Basmati. If this is the case now, what will happen after the amendment of the Indian Patent Act? We might even lose the 'Indian' identity of our products.

The People's Plight

The proponents of globalisation argue that it would increase economic growth and that its spin off would benefit the nation as a whole. Unfortunately, the reverse seems to be the case. Since the implementation of the new economic policy, 6% of the population have joined the ranks of people below the poverty line. The Planning Commission itself has estimated that such persons constitute 36.2% of the population in 1993-94. There may have been growth in different sectors of the economy, but the effects are not percolating to the masses. A mid-term appraisal of the 8th Five-Year Plan, which was kept out of circulation, testifies to this predicament. Allocations for health and education were kept at a minimum. Plague, malaria and cholera have reappeared. According to the Voluntary Health Association of

India, in Rajasthan alone 120 deaths were reported due to Malaria in 1997.¹⁰

In Kerala, there were as many as 2,200 malaria cases in 1996 and 16 deaths due to Japanese encephalitics in 1996-97.¹¹ *The health services are hamstrung for resources.* Funds for the anti-malaria campaign have for example been slashed by the Union Health Ministry as part of the austerity exercise. *The New Drug Policy of 1994 is no less than alarming.* It has reduced the number of drugs under price control to 73 against 378 in 1978. An analysis of drug prices from 1980 to 1995 reveals that the price increase of 778 drugs has been in the order of 196.6%. Among them the price of anti-allergic drugs has gone up by 285.5% and that of drugs for metabolic disorders like cancer by 336%.¹²

The performance in education during the liberalisation period is equally awful. There has been no real increase in the allocation of funds. Amartya Sen observed that the proportion of rural females aged 12-14 who have never been enrolled in any school is above 50% in India as a whole. Only half of all children enrolled in class I are still at school four years later. The rural female literacy rate is only 19% among SCs and 16% among STs. In 1981, the literacy rate among rural SC women was below 2.5% in most districts of Uttar Pradesh and Rajasthan.¹³

This sorry state of affairs is sharply pointed out by Mahub ul Haq, in the 1996 UN ‘Human Development Report’. In India nearly 70 million children under 5 are malnourished. About 216 million people are without access to safe drinking water. Those under the poverty line in India constitute more than one fourth of the world’s absolute poor. About 75 million children, out of which 54 million are girls, are not in school.¹⁴

One of the most pernicious effects of globalisation is the rampant corruption that has taken grip of our country. Wherever liberalisation has taken place, it has been accompanied with corruption at all levels in society, but more so in the political arena. Scams have become an everyday event in this country. The government is out to woo those who have been evading and/or avoiding taxes by offering an escape route, VDIS. Our bureaucrats are learning ‘lessons’ from the multinationals. The spokesperson

of Enron told “India Today” that they had spent almost \$ 20 million to ‘teach’ the Indian officials the need for this project. Multinationals have begun teaching us! Michael Chassudousky wrote in “Lokayan”, that with the complicity of local bureaucrats, state institutions are undone and an economic tutelage is established. A parallel government that bypasses civil society is established. These remarks have become prophetic and are very pertinent to our experimentation with globalisation.

Conclusion

Globalisation as we have seen, exacerbates the divide between the rich and the poor. It is a conspiracy of the rich against the poor. Inspired by neo-liberalism, it promotes neo-colonialism and neo-imperialism. This ideology moreover calls for minimum government intervention. This anti-statism means an unconditional affirmation of the market as the sole social regulator.¹⁵ But the poor of India want more and more government intervention to provide them with food, shelter, clothing, education and health. This seems a correct position. The state should be active, and diverse groups such as political parties, action groups, people’s movements, etc., should exert a strong and systematic pressure on the state so as to bring it close to the poor.

6. THE ARMS TRADE IN A GLOBALISED WORLD

Rajan Hoole

Deregulation: Finance Vs. Industry

The globalisation of financial markets is a fact of life that we all have to live with. By 1970 the restrictions on currency transfers which had been the norm for 40 years were breaking down. For the more powerful economies these restrictions made little sense. The US dollar for example that was a hard or reserve currency was held by nearly all other countries around the world. Thus restrictions on transfers in the US could only marginally influence the trading of US dollars. On the other hand, liberalisation brought significant benefits. The US dollar being the main reserve currency, the US government under President Reagan was enabled to use deposits by others to finance extravagant spending whose main beneficiaries were the defence industries. The federal debt increased from \$ 1,000 billion in 1981 to \$ 4,000 billion in 1992. Few other countries could escape the consequences of such spending coupled with progressive tax cuts for the rich (the marginal tax on the richest came down from 70% in 1981 to 28% in 1986).

High interest rates in Germany in the late 80s coupled with a weakening US dollar attracted transfers into German marks. The mark came to be regarded as a strong currency. This helped Germany to finance the unification of East with West Germany. *For a country promoting its currency as a strong one, restrictions are counterproductive. Similar considerations also*

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apply to countries that want foreign investors to play a major role in their economic activity. Investors would risk bringing their money in only if at the sign of trouble they could cut their losses and take their money out. These coupled with power relations where the poorer countries are heavily indebted to the richer ones, mark **the unstoppable trend towards the globalisation of finance.**

Along with this trend, there are also powerful arguments for deregulation being put forward, especially by the monetarist school that during the 1980s inspired the economic policies of the US under President Reagan and Britain under Margaret Thatcher. (Monetarism maintains that if the money supply is “tightly controlled and is allowed to increase only as the economy expands, prices will be stable and the economy will function well out of its own independent strength”.)¹ *The basic argument is that given the freedom of movement, finance would go wherever the returns are optimum.* From this followed the rationale for slashing taxes on profits, deregulating labour (that is, curtailing the power of trade unions) and deregulating banking and financial institutions. In the developed world this process was carried to its furthest in Britain and the US.

All major economies have been constrained by, and have been forced to take account of these developments. For example, when the West German government was committed to large-scale investment in East Germany as part of the unification, this threatened inflation – an anathema to Germans who save about 14% of their income. The German central bank, the Bundesbank, was vested with the task of fighting inflation and curbing the money supply. It was deterred from tightening up on regulation, lest the banks should transfer their operations to deregulated offshore Britain. Thus the measure most readily available to the Bundesbank was to raise the interest rates. The chain effects that followed were to deepen recession, particularly in Europe, and to bring down the British pound in 1992.

Despite the adverse effects on industrial workers, the rise in the electoral popularity of such ideas has been made possible by the fact that in the advanced countries, the service sector now

accounts for about two-thirds of all jobs.² In Britain the process has been carried further by the fact that between 1979-1992, industrial production has declined by about 25%.³ With the coming of monetarism under Thatcher in 1979, the decline of industry became a rout. The results of Reagan's policies which included some famous bankruptcies have been described by Galbraith as "industrial devastation", ultimately undermining the very foundations on which the prosperity of the "contented majority" depended.

Although he is electorally marginalised (having had many of his former rights taken away) and apparently dispensable, *the reality is that the economic importance of the industrial worker remains undiminished*. In Britain the financial sector based in London has been traditionally important and influential and is referred to collectively as the City. Yet, it has become evident over the years that the City cannot prosper without a strong industrial base. It is only this base that gives the government the means to convince investors that it is strong enough to protect the currency against speculative winds, and to cushion the consequences of bankruptcies whose frequency was bound to increase as the result of deregulation. *Industrial production determines the bulk of British exports (the share of the service/financial sector is only 23%), and the industrial worker still remains the key to the strength of the British economy.* **The importance of the arms trade for Britain and the US is closely linked to their decline in industrial competitiveness.**

Growing Importance of Arms Exports

When John F. Kennedy became the US President in 1961, the US was almost giving away \$ 1.5 billion worth of arms annually as aid to 'friendly' countries. The same year the US experienced for the first time a trade deficit of \$ 3 billion. The government then took a decision to set up the group "International Logistics Negotiations" under the Pentagon, *to actively push the arms trade*. This was partly achieved through the standardisation of NATO equipment. Denis Healey, the Defence Minister in Britain's Labour Government, similarly decided in January 1966 *to push the arms sales*, especially to the Third World, as a means of

offsetting the purchase of standard NATO equipment from the US. From that time, the Middle East became a major buyer of British arms.

During the 1980s, with the coming of Reagan and Thatcher, the emphasis on arms sales took an aggressive turn in the US and Britain. The government funds spent on military R & D (Research & Development) as opposed to civil was 70% and 50% in the US and Britain respectively. In the developed world, France came the nearest behind with over 30%, with about 10% and 5% in Germany and Japan. By 1990, about 11% of all industrial production in Britain was military-related. By 1991, with defence exports worth between \$ 4 and 6 billion annually, Britain became the third largest arms exporter following the US (about \$ 20 billion) and the Soviet Union (about \$ 15 billion).⁴

The figures quoted above will of course differ according to different ways of accounting. Some guess work is also involved. Much of the trade with countries like Iraq, Libya, Iran and South Africa during the 1980s was indeed hidden and most of the Western countries were involved. Chemicals and helicopters for military use were often classified as non-military. There are also the electronic batons supplied to the Saudi Arabian police by the Royal Ordnance of Britain that have been used in the torture of political prisoners.

In the US and Britain especially, there was a hope that arms exports would improve their trade balance. But for all the publicity and the high proportion of military R&D, the receipts from highly subsidised military exports accounted for only a little above 1.5% of the total exports in Britain and the US. The result was a neglect of research into consumer products and the further strengthening of the decline of competitiveness in this area.

The emphasis on weapons exports was partly due to the fact that the principal determinant was not competitiveness. Weapons are not like motor cars and computers where millions of consumers act as judges. *The sale of weapons nearly always requires special influence with governments, systematic bribery at top levels, horse deals to prop up some of the most repressive regimes in the world, and a readiness to do away with all principles. As a*

result, arms manufacture represents the shakiest foundation for sound economics and a constant menace to prospects for peace in the world.

Extremes of Cynicism – Iraq

Many astounding things have been said about the role of the US and some of its close allies, particularly Britain, in the Middle East from the launching of Operation Ajax in 1953 to overthrow Prime Minister Mossadeq in Iran. (Mossadeq's government was contemplating nationalising British petroleum oil fields in Iran.) The operation was decided by a committee of the National Security Council chaired by Vice-President Richard Nixon. Having accomplished the overthrow of Mossadeq, the US propped up the repressive regime of the Shah of Iran. After the oil price boom in 1973 when Nixon was President, the US sold \$ 22 billion worth of arms to the Shah. In 1976, with George Bush as Director, the Central Intelligence Agency was assisting in training the notorious Iranian secret police, Savak, in torture techniques.

Following the popular overthrow of the Shah of Iran in December 1978, the regime of Ayatollah Khomeini which was hostile to the US, was in possession of \$ 22 billion worth of sophisticated military hardware. With Reagan becoming US President in 1981 and Bush Vice-President, President Saddam Hussein of Iraq was encouraged by the US to invade Iran and overthrow Khomeini. Iraq imported \$ 27 billion worth of arms during this period.⁵ The US was then involved in many other intrigues in Iran, Iraq and Kuwait in the 1980s...

Towards the close of the 1980s, President Gorbachev of the USSR unilaterally announced his country's withdrawal from the 'arms race' and the deactivation of the Warsaw Pact. This sparked off deep concern within the US defence establishment and the defence industry. *It had indeed become hard to justify a US defence budget costing more than \$ 300 billion a year at a time when the federal debt was approaching \$ 4,000 billion.* Arms sales to the Middle East too were falling sharply after peaking at about \$ 14 billion during 1987, the last full year of the Iran-Iraq war. There was also the prospect of the loss of hundreds of thousands of jobs in the arms sector.

In Nov. 1989, instigated by the US, Kuwait started drilling for oil in the disputed border with Iraq. The drilling equipment was supplied by an American firm, a major shareholder of which was Brent Snowcrof, the National Security Advisor to President Bush. Saddam later sent 30,000 troops to the border. The Kuwaitis however understood that in the event of an invasion, the US would come to their aid. During Nov. 1990, the US persuaded a majority of the 14-member UN Security Council to vote in favour of a "war resolution" against Iraq. Bribes were paid to several countries including Turkey, Egypt, Israel, Syria, Iran, the Soviet Union and China, totalling tens of billions of US dollars, much of it to be pocketed by Saudi Arabia and the Gulf States.

The bombing of Iraq, principally by US, British and French planes, commenced in January 1991, following which the US connived to prevent the UN Security Council from meeting. As is normal in such times, the 'independent' Western media joined in selling the bombing as "smart", "surgical" and "precise", with such expressions as "the British were wonderful" and "the Iraqis were fanatics".⁶ *The truth is however very different.* Eric Hoskins, a Canadian doctor in the Gulf peace team, said: "An estimated 75% of all bombs dropped on Iraq missed their target, raining shrapnel and explosives on civilian populations, challenging assertion of a 'clean' war." He further described as "a gripping example of human unkindness" the use of cluster bombs designed to kill and maim. Opening high above the ground these bombs release 100-200 bomblets with parachutes attached and are meant to explode on impact with the ground. Tens of thousands of these lay unexploded. They were often picked up by children causing them to lose an eye or an arm. *The Medical Educational Trust in London placed the number of Iraqi civilians killed at up-to 250,000. A UNICEF report said that 5 million children in the region could die in the aftermath.*⁷

With the advertising blitz provided by the biased TV coverage of the Gulf War, the US government in 1991 authorised the staggering sale of \$ 63 billion worth of weapons, training and military constructions – of which \$ 23 billion was to the Middle East (Saudi Arabia, \$ 4 billion and Egypt, \$ 3.2 billion). * Kuwait was to show

its gratitude by purchasing a host of weapons it could not use. The decision was to buy these from the US, Britain and France in the ratio 6:2:1, respectively.⁹

Earlier in September 1992, Bush authorised the sale of 72 F 15 fighters to Saudi Arabia and 150 F 16 fighters to Taiwan for \$ 6 billion, in the run-up to his failed reelection. The sale risked losing him 1 million Jewish Republican votes and alienating Israel and China. The Saudi deal was expected to save 7,000 jobs at McDonnell Douglas, St. Louis plant in Missouri and benefit 200,000 defence workers employed as parts-makers in Georgia, Florida, Connecticut and California.¹⁰

Extremes of Cynicism – Indonesia

In the tragedy of East Timor, the governments of the US, Britain and Australia have been close allies of the repressive Suharto government of Indonesia. Britain has been the major supplier of advanced weapons.

By 1975 the Portuguese had largely relinquished power over East Timor. The Indonesian army invaded East Timor in December 1975 with the tacit agreement of the US and Australian governments. *Human rights groups accuse the Indonesian government of killing 200,000 civilians in East Timor and 100,000 civilians in West Papua over the years.* British-made Hawks have been extensively used in aerial bombing. Since 1975 the UN has passed about ten resolutions calling for Indonesia's immediate withdrawal from East Timor.

In 1978 under the Labour Government, Britain sold 20 Hawker trainer/strike aircrafts to Indonesia under a deal worth \$ 600 million. A 1985 visit to Indonesia by Prime Minister Thatcher prepared the way for other high-tech weapons deals. In 1991, Dr. Habibie, the Indonesian Minister for Research Technology, claimed that Indonesia would need 69 Hawker aircrafts costing approximately \$ 3.3 billion. In 1993 British Aerospace agreed to a \$ 1.2 billion deal to supply more Hawker aircrafts. The US and France have supplied military equipment on a smaller scale.

There is a potentially more lucrative side to this whole business. In January 1976, a month after the Indonesian invasion

of East Timor, the *Japan Times* reported negotiations between an Australian oil company and Indonesia on oil extraction in the Timor sea. But Australia, in the face of UN resolutions, was then deterred by the illegality of the proposal. In the words of Mark Curtis, "*the resource issue was finally resolved in 1989 by an agreement to jointly exploit the Timor sea, involving Australian, Britain and US companies among others*". A month after the massacre of 528 young East Timorese by Indonesian troops in Nov. 1991, "an untroubled Australian government approved 11 oil-production contracts with Indonesia". Western aid donors currently provide about \$ 5 billion worth of aid annually to Indonesia. A US Department of Commerce publication notes that Indonesia offers "excellent trade and investment opportunities for US companies".¹¹

Conclusions

Whichever way one looks at the arms trade, its effects have been negative on society, the balance of trade and as a commercial proposition. The commercial interest is reflected in Prime Minister Thatcher's call to the British armed forces in September 1990 to "tailor their needs to the export market". Yet, these exports did not even contribute 2% to the total. *It is apparent that much greater benefits could have been derived by redirecting R&D military funds to civil research* and by encouraging a more collective and cooperative approach to labour relations as in Germany and Japan. *The arms industry also requires some theatres to display its fire power.* The recent US bombing of Serb-held areas in Bosnia appears to have boosted the market for Tomahawk missiles made by Hughes, USA. (The estimated market for missiles over the 1996-2005 period is \$ 128 billion.)¹² The former Yugoslavia is another sorry tale of Western cynicism.

The arms industry is moreover under severe strain, threatening social chaos in several localities. With calls to reduce the federal debt and redirect funds into long neglected social expenditure and infrastructure development, the US government has reduced defence procurement by about 40% from 82 billion spent in 1991. The trend elsewhere in the West is similar. This means a greater reliance of the arms makers on exports. But as a result of growing impoverishment, Third World arms purchase

on the whole has been falling significantly. The capacity to force Middle Eastern countries to buy weapons they do not need is also shrinking with oil prices dropping from \$ 30 a barrel in 1973 to \$ 12 a barrel now.

Thus in California the aerospace industry lost 71,000 jobs in the three years up-to 1992 and the county of Los Angeles was to lose a further 420,000 jobs over the next three years. A side-effect was the real estate crash in California resulting in several bankruptcies. From a total of about 100,000, British aerospace shed more than 40,000 jobs in the 5 years to 1994.¹³

Why then was such a disastrous industry supported so strongly and prominently in the US and Britain? *A part of the answer lies in the social outlook that adopted the economic ideology of monetarism.* Galbraith points out that this ideology gives comfort to the contented by absolving them of all responsibility for their own social underclass, their troubled cities, the unemployed, and indeed the billions of poor in the rest of the world. The deregulated market is to the contented, the most natural order of things. There are no relations of commitment. Yet, there is always a dim consciousness and a creeping unease that there is a good deal of discontent and rebelliousness around. In the Third World, there is much frustration against rulers protecting the ill-gotten gains of the powerful nations. What was after all achieved by the Gulf War and by supporting, or selling arms to, the Indonesian regime? The Egyptian rulers could not have become more endeared to their people for supporting the Western powers in the Gulf War. The Indonesian regime is not taken to kindly except by a section of the Javanese elite. The lessons from Iran have not been learnt, where closely fostered Western interests vanished overnight.

A ready response emanating from the unease among the contented is chauvinism, and an unquestioning readiness to back fantastic and costly military schemes such as Reagan's 'Star Wars' programme. With heavy pressure to cut down the defence budget, there are no doubts that military planners try to conjure up new enemies, new scenarios and some novel schemes to counter them.

8. THE CHALLENGES BEFORE TRADE UNIONS

1. The Current Labour Scenario

James David

Deepak Nayyar rightly points out that “the globalisation process has strengthened capital and weakened labour”. *Trade unions in the advanced countries and in the developing world alike “have experienced an erosion of their political significance and economic strength”*. Capitalism has clearly become the dominant ideology and greatly influences people’s mentality, often belittling workers’ rights. “Politics has come to accept that markets know best. This outcome has been reinforced by three developments in the sphere of economics.” First, the labour movement has – since several decades – shifted its emphasis from concern with employment levels to the protection of, or increase in, real wages. Second, it made no attempt to change its strategy or tactics as most governments rejected the concept of welfare state and adopted the ideology of the market economy. The proposition that there is a trade off between inflation and unemployment was for example accepted by labour without much questioning. Third, the labour movement could not cope with the nature and pace of the technical progress which followed the microchip revolution. The considerable displacement of low-skilled workers and the creation of little employment at high-skill levels left the trade unions aghast. *The response of the labour movement to the globalisation of the world has been inadequate*

In Parts 1 and 4 of this chapter, James David sums up the reflections of several writers. The sources are given in the **Notes**.

*and confused. Despite rivalry, capital stands united, but labour is divided, both within and between countries. The trade-union movement must reorganise itself on the basis of national and international solidarity.*¹

Jayati Ghosh highlights, among other things, *three recent technological changes which have affected “not only the labour processes but also the ability of workers to organise”*. Firstly, there is a decline in the use of craft skills learned on jobs through prolonged apprenticeships. Such skills, the traditional preserve of male organised labour, are given less importance today and have largely been replaced by mechanised techniques. Secondly, skill polarisation has set in. An elite of technically skilled, higher status specialist workers, forms a very distinct class from the larger mass of semi-skilled or unskilled subsidiary workers who can easily be replaced. Thirdly, the micro-electronic revolution has given rise to more managerial options regarding labour use. These trends have weakened the traditional ‘labour aristocracies’ and led to a greater reliance on ‘flexible’, short-term, insecure labour contracts and the feminisation of employment. (Women are indeed often “more prepared to work for lower wages and for longer hours, usually without agitating for unions or for better conditions”.) *Two social changes* – the spreading of consumerism and individualism by the mass media and the gradual replacement of former community bonds by more communalist perceptions – *are also weakening workers’ organisations. Today’s labour movement thus faces greater challenges than ever before.*²

Nandita Haksar further analyses the unions’ problems. “The creation of a surplus labour force on a world scale constitutes a seemingly inexhaustible pool of potential labour... It has generated major international migrations of labour from the Third World to Western capitalist countries in jobs that are considered undesirable or too low-paid by indigenous workers. The 1994 UNDP Report estimates that 35 million people from the South moved to the North, and another million on job contracts. The number of illegal international migrations is estimated to be 15-30 million. International labour migrations are a growing

phenomenon within the Third World as well. In developing countries there are also an estimated 20 million internally displaced people. This international migration is specially useful to transnational capital in that it creates a distinct category of labour "particularly susceptible to control. This aspect "is crucial to our understanding the problem of globalisation and the political options before the trade-union movement".

Haksar continues: **"There are four areas of concern for all trade unions including those in our country:** i) the threat posed by the emergence of a worldwide industrial reserve army of labour; ii) the forms of segmentation of the global work force; iii) the fact that the new industrialisation tends to take place under repressive states forms;" and iv) the creation of new obstacles to international labour solidarity by the internationalisation of production, despite greater proletarianisation. "The early growth of capitalism had shaped an increasingly homogeneous industrial proletariat but the development of monopoly capitalism has divided rather than unified the working class. The danger is that the structure of trade unionism, nationally and internationally, replicates the segmentation of the global work force with unions strengthening rather than diminishing the divisions between higher skilled and more organised and lower skilled and less organised workers. *The segmentation of the work force within the country is as sharp.* Workers in India and the Third World are divided into three broad segments: a) privileged strata of workers employed by TNCs; b) workers employed by national capital, either in the private or public sectors; and c) workers engaged in the informal sector, which includes a large number of women, children, internal migrants and dalits."

Trade unions are no strangers to victimisation. However, *the present trend all over the world is towards the curtailment of basic trade-union rights, with violations of freedom of association.* Advanced capitalist countries are witnessing a period of despotism, "not the arbitrary tyranny of the overseer aimed at **individual** workers, but the 'rational' tyranny of capital mobility aimed at the **collective** worker. The fear of being fired is replaced by the

fear of capital flight, plant closure, the transfer of operations and disinvestment.” In the Third World, on the other hand, there is a more autocratic despotism against a largely unskilled and unorganised work force subject to coercive mechanisms imposed by both capital and the state. *There is moreover in today’s world a growing consensus in favour of a market-friendly approach to development. This consensus was partly built through a ruthless attack on trade unions.* In Thatcher’s England, “trade unions were blamed for the rise in inflation and increase in unemployment. The proposed ‘solution’ to this high rate of unemployment was the promotion of a ‘flexible labour market’. This means that there should be no statutory minimum wages and no obstructions to retrenchments. Employers should have an absolute right to hire and fire. Thus the exit policy is integral to globalisation.”

A few other comments are worth adding. “The advanced capitalist states and some Western trade unions have been promoting a social clause, arguing that the concept of fair labour standards should be inserted in Article XIX of the GATT treaty. The proposed amendment would allow a restriction of imports in the case where fair labour standards are violated... So far both the Indian state and most Indian trade unions have opposed this clause on the ground that it would only serve to protect production in industrialised countries. *This raises fundamental questions on the possibility of international solidarity of the working class.*” There is moreover the worldwide phenomenon of the de-unionisation of workers as well as an effort to promote NGOs, but oppose trade unions, thus dividing these two social forces. *In India, trade unions also got “caught up with narrow electoral politics.* There is a demand today for independent, establishment-level unions; independent of management, trade-union affiliation, political party or the state.” But will trade-union rivalries allow this process (and should not trade unions be united on a broad basis)? Furthermore, Indian unions never subscribed to an alternative model of development and are thus easily coopted. On the whole, they have failed to support the unorganised sector (which constitutes about 90% of the working class!) and to respond, in the organised sector,

to the urgent problems of closures of manufacturing units, 'voluntary retirements', industrial sickness, and disinvestment of the public sector.

"There is a great deal of valid criticisms of the trade-union movement, including its inability to resist state repression, co-option of leadership accompanied by bureaucratisation of union organisations, their consequent inability to respond to the demands of workers, distortion of union structures into a channel of upward mobility for individual members of the working class and debilitating corruption. Yet, it is also true that *trade unions are the only real mass organisations representing workers in most parts of the Third World*. **The challenge before the trade-union movement is whether it can organise worker-based movements which are a comprehensive political response to globalisation, and also medium-term strategies for meaningful interventions. Is it possible that we can look forward to labour-based social revolutions?**"³

Let us make a last observation. According to A.K. Roy, "the condition of the working class and the trade unions under the NEP takes us back to the pre-independence days when the working class had to fight simultaneously on two fronts: the local capitalists and the foreign imperialist". In fact, despite some protests to gain a few concessions, "the Indian capitalists have reconciled themselves to their subsidiary role as junior partners of the MNCs. They have fallen in line with the NEP and the so-called 'swadeshi' movement is on the way out." "*The contradiction between Indian capitalists and their workers is therefore much more real than that between the Indian capitalists and the MNCs.*" And the support of practically all political parties for the NEP shows that *the NEP is not a party phenomenon, but a class phenomenon.*

The time has come "for preparing the working class and their organisations, not for fighting for new economic benefits, but for providing leadership in the great political battle ahead".⁴

2. Impact of Liberalisation on Beedi Workers

K. Srinivasulu

The impact of liberalisation is well exemplified in the northern Telangana districts of Andhra Pradesh. The production of cheap mini-cigarettes by many manufacturers has posed a dilemma to the beedi workers' movement. During the last two years, this area has witnessed a massive mobilisation of the beedi workers, predominantly comprising of women, as part of the national campaign against the cheap mini-cigarettes manufactured by the big cigarette industries. In the 1994-95 central budget, the excise duty on cigarettes of less than 60 mm length has been reduced from Rs 120 to Rs 60 per thousand sticks. This step has been hailed by the cigarette industry and the financial press as a move towards the rationalisation of the tax structure, a part of the liberalisation regime.

The beedi industry is a major informal sector in Andhra Pradesh, Bihar, Gujarat, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Tamil Nadu, Uttar Pradesh and West Bengal, employing around 6 million workers. In addition, another 4 million seasonal workers are engaged in tendu leaf collection. While 90% of the work force in the beedi industry comprises of women and children, the leaf collection is done predominantly by tribals.

The rise of the beedi industry as a major source of employment in Telangana is historically related to the decline of the handloom industry. With the survival of the handloom weavers seriously threatened, the male weavers in this region either migrated to the textile centres in Western India or shifted to other occupations. The early migrants were most often accompanied by their families. While the men worked in the mills, the women made beedies. When faced with heightened political awareness and increasing unionisation of the beedi workers in their native states, the beedi

These are edited extracts of an article published under the same title in EPW 1996, 515-17. For a similar study on **handloom weavers** by the same author, see EPW, September 3, 1994.

barons of Gujarat and Maharashtra decided to shift their operations to northern Telangana. Beedi-making thus emerged as a major occupation in this region, with 60% of the workers being displaced weavers, and the others dalits and Muslims.

With the reduction of excise duty by half, most of the cigarette companies jumped into the fray to produce 59 mm length non-filter cigarettes on a large scale. These have come to be known as mini-cigarettes. A dozen or so low-priced brands were soon released into the market. The mini-cigarettes are priced between Rs 1.75 and 2, equal to the price of a bundle of 16 beedis. *These cigarettes may pose a serious threat to a vast section of the beedi workers as the new product is associated with a "superior social status" and the price differential is negligible.* The volume of mini-cigarettes production increased five-fold in the first six months of 1995, and the mid-1995 figure was expected to double sometime in 1996. The contribution of this sector to the national exchequer rose from Rs 7.4 crore in 1993-94 to Rs 90 crore in 1995-96.

On the other hand, *work in the beedi industry has been reduced on account of the fall in the demand for beedis.* As a consequence, the number of work-days has come down from six days a week to three or four days. The threat of mini-cigarettes has also been used by the management as a pretext to harass the women workers and force them to accept lower wages. Hence, the insecurity of already vulnerable workers has been increased. *All this has led the beedi workers to wage a battle against the mini-cigarettes manufacturing units and their workers, thus diluting the workers' movement. A curious scenario started emerging: the beedi workers who have all along found the beedi barons as their opponents, are now forging an alliance with them to oppose the liberalising and globalising government and the TNCs.* **The beedi workers' dilemma is reflected in their unions.** The Andhra Pradesh Beedi Workers Union (APBWU) and the APBWU (Shramik Shakthi), two major unions in northern Telangana (affiliated to the IFTU and AIFTU, respectively), have a different perception of the issue. The APBWU (SS) is mainly fighting the beedi barons, and the APBWU the mini-cigarettes and their companies.

3. Present-Day Challenges and Action Imperatives

Noel Rebello

Much has been said about the opportunities available to individuals, groups, societies and nations in the globalisation era. However, the promised “trickle down” effect has yet to take place; the promise of “present pain for future gain” has yet to materialise; the ‘patriotic’ call to the masses to temporarily forego their acquired rights for guaranteed future individual/national prosperity remains a pipe-dream...

In any case, if the community of nations may be compared to a ship, and the fact is that we are all in the same boat, there is indeed **a pressing need to change course today** if we are not to crash to disaster without reaching our destination. *Human* considerations have to colour *market* mechanisms; *socio-ethical* norms have to correct *economic and financial* dictates; and participatory *political* will has to counter dogmatic *neo-liberal* prescriptions.

For this a countervailing force requires to be mobilised. Trade unions and like-minded NGOs could together constitute the ideal motor, provided they are able to generate the sustained awareness, motivation and commitment of a mass base to adequate action, both remedial and proactive. The thrust of the overall objective would be the restructuring of the present society nurtured by unrestrained consumption and driven by private profit, into a new society where profitability is utilised for overall social welfare, and where the legal framework would ensure the exercise of fundamental rights and human freedoms and civic liberties for all citizens rather than the protection of personalised rights for the private benefits of a selected minority.

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Negative Effects on Workers

In today's context, the developing countries – especially the poorest and debt-ridden – are left to fend for themselves, with the emphasis on “follow the univocal prescriptions of the Western-dominated WB-IMF” rather than on provision of debt-relief, substantial development assistance, preferential trade agreements, etc. Competition and competitiveness, production and productivity, profit and viability, immediate returns and sustainability bring out more the destructive character of the human person in the economic/financial system than his creative potential. In the present globalised world, described as uni-polar, the developing nations are condemned either to integrate or to perish. Migration constitutes a two-edged sword: while ensuring long-term benefits to the host nations, it merely offers transitory opportunities to the sending nations in the form of temporary employment and repatriated foreign exchange. Ultimately the phenomenon results in racial prejudice and ill-adjusted populations.

For their part, *the workers experience the following realities*: the **segmentation** of the working population (providing opportunities for some and leaving others redundant, improving working conditions for certain sectors while compromising others, etc.); a growing **disparity** in the incomes and opportunities within the organised sector; a widening **gap** between the living conditions of the minority ‘cream layer’ and the majority layer of the ‘dispossessed’, with an apathetic yet disgruntled ‘middle class’ constituting about 20% of the country's population; and a resultant **antagonism** between segments of society and an **erosion of solidarity** between the working population and the trade unions.

More specifically, globalisation and SAPs lead to several problems in the formal/organised sector: closures of enterprises (Public Sector Undertakings [PSUs] like the Textile and Leather Industries of Kanpur), **retrenchment** of permanent personnel with/without proper benefits, **non-payment on schedule of statutory wages** (e.g. for several teachers and transport employees

in various states), non-payment of **minimum wages** (as in the case of SSIs workers), and inability of **trade unions** to mobilise workers for effective action. *In this context, many groups become very vulnerable*: application of the ‘**last come first go principle**’ – generally compromising youth and women workers; **replacement** of seasoned permanent workers with new recruits (to ensure cost-cutting on salaries and other social security benefits); sub-contracting leading to **flexible wages** and absence of social security and other benefits; and increased hiring of **flexible personnel** without definite job specifications and work contracts.

The problems of the **informal sector** are as serious: widening **gap** between the traditional and the electronic-operated informal sector; increasing **feminisation** of the labour force; enhanced **competition** within limited opportunities; growing legal/procedural/other **harassment** of self-employed workers; and denial of the very status of ‘workers’ to certain sections such as domestic workers, construction workers, etc. Various phenomena or policies render **many groups particularly vulnerable**: reduced **subsidies** in the nutrition (Public Distribution System) and health sectors; new **power policy** seriously impoverishing the marginal farmers (e.g. in Sholapur and Osmanabad districts); **selective allocation** of the benefits of development programmes and populist government schemes in favour of the underprivileged – IRDP, widow’s pension, reservations for SCs/STs, women’s property rights, credit facilities, JRY, NRY, etc.; **deforestation** for commercial purposes (prawn farms, *Maharashtra*) and five-star tourism (golf courses, *Goa*), destroying the bio-diversity and seriously affecting the life-styles of the local population; **displacement** of the local population (with/without adequate compensation) for industrial purposes and agri-business; and so on.

Suggested Action Imperatives

The participants of various meetings/seminars suggested certain action areas to counter the ills of globalisation and

channelise the existing opportunities. A) Beyond alphabetisation and numeracy, **literacy** programmes should encourage participatory learning and genuine solidarity. Literacy should also constitute the basis for 'functional and technical education' (as is being pursued in Kurduwadi, Sholapur district) and lead to **effective trade-union involvement** in specific trade sectors. B) To promote **critical social consciousness**, resource committees should be formed on various issues such as adult literacy campaigns, globalisation, leadership training, legal awareness and para-legal training and gender sensitivity. Group sessions, workshops, rallies and mass awareness campaigns should be conducted on local issues.

C) In the context of the reduced role of the state and the imposition of the all-pervasive rules of the free market mechanisms (productivity and profitability), *the vulnerable sections of the population will require to mobilise the requisite solidarity for survival and decent human well-being*. These are some of the possible **AVENUES FOR COMMITMENT**. * **Economic self-reliance ventures**, small-savings schemes and micro-credit facilities need to be started. * **Networking** is a must. Trade-union solidarity can be sustained and strengthened only through coalition-building and networking with like-minded Peoples' Organisations and NGOs.

* *Another major intervention is **advocacy** in favour of issues of vital and immediate concern for the underprivileged and vulnerable sections of the population: elimination of gender discrimination in personal laws which has its ripple effect on the overall participation of women in the trade-union and social movements; promotion of 'panchayati raj' (local self-government) in the rural areas and municipalities; elaboration of a comprehensive legislation protecting workers in the informal sector, specifically those in agricultural, construction and domestic work. The proposed legislative provisions must provide these sectors with the requisite job security and employment guarantees; designing appropriate alternatives for the rehabilitation of workers in the formal sector affected by closures of enterprises or retrenchment of specific categories; etc.*

4. Whither the Labour Movement?

James David

It is almost impossible, at this time of restructuring and globalisation, to offer comprehensive guidelines for the reorientation of trade unions. The following pages only aim at providing some introductory reflections and suggestions. For a more detailed study, one could for example read “Globalisation & the Unions” (Seminar no. 429, May 1998) and the various issues of “Labour File” (A Monthly Journal of Labour and Economic Affairs, Centre for Education and Communication, Delhi).

The traditional concerns and forms of struggle of trade unions are inadequate today to tackle the problems connected with the future of industries and that of the workers. A proper analysis is needed to understand the economy, the evolution of industries – the public sector included – and the required restructuring. *Fundamental questions must be addressed. New forms of ownership and management, industrial democracy and restructuring are some of the new challenges facing the trade unions.* Disinvestment offers an opportunity to press for relevant changes in these areas. (The Bharat Electronics Employees Union is for example struggling to get 26% of the shares of this public sector enterprise.) A comprehensive package should be sought. The unions’ demands should be creative and interventionist in contrast to dogmatic sloganeering and endless confrontation. Along with their radical critique of the NEP, *trade unions must develop sectoral critiques of the existing policies and “explore concrete, dynamic, innovative, enterprise-level initiatives and alternatives”.* The training of cadres should also be given due attention. *“All sectoral efforts must merge and jell into a larger alternate vision. Trade unions are but one sector of this total struggle... We must link up with other people's movements and build new alliances with different segments.”* Inspired by our total alternate vision, we must strive to “generate full employment and promote human values through a new variety of democratic socialism in which human beings, human dignity and human development occupy centre-stage”.⁵

The great weakness of the trade-union movement in India is that the organised sector comprises only about 10% of the workers. This organised 10% cannot blindly expand its agenda of demands while the rural workers, artisans, weavers, fishworkers, agricultural labourers, the landless and hundreds of other categories of the unorganised struggle to obtain an earning that is half of the stipulated minimum daily wage. *Trade unions must make linkages in order to unite the organised and the unorganised for the common purpose of survival.* They must therefore be concerned with full employment, land reforms, minimum wages for all, promotion of small-scale industries, defence of the interests of the informal sector and contract workers, and so on. Other fundamental issues like human rights (The Terrorist and Disruptive Act [TADA] was used against trade unionists), women's rights in the work place (which includes the home), industrial pollution, child labour, the social clause to be introduced in the GATT treaty, etc. should become part of their primary agenda. Trade unions must practice within their own organisations and structures what they proclaim. *The well-established trade unions should also adopt a more positive approach towards emerging and innovative unions.* Unfortunately, "the late Shankar Guha Neogi's contribution towards a militant, radical yet totally constructive approach to trade unionism" did not receive any accolade from the trade-union fraternity. "He established a school and hospital, organised a movement against liquor and gave tribal workers a new sense of dignity", but was supported only by NGOs and non-'mainstream' unions.⁶

Sharit K. Bhowmik adds: "*Trade unions have to evolve more effective means than protests and rallies to protect the interests of the working class. Two such areas are (1) share-holding by workers and (2) worker cooperatives.*" "In its present form, **ownership of shares by workers** cannot promote any real participatory management. It is virtually impossible for individual worker shareholders to intervene in the decision-making process in their firms. The scheme may, however, help in increasing labour productivity." Yet, "*if workers owned shares through their own collectives they could hope to exercise their power as a block of*

shareholders". They could intervene as a composite group and elect their own members to the enterprises' board of directors. "Such collectives should be under the control of the worker shareholders. The worker shareholders' cooperatives in the Quebec province of Canada is one such example of success." Similar experiences in various countries should be studied and trade unions should encourage such schemes in India. **Collective shareholding could become a tool to empower the workers.**

"Worker cooperatives are industrial or commercial enterprises which are owned and controlled by the employees. Instances of worker take-overs are fairly recent in India, but they are likely to increase in the future." The 1985 Sick Industrial Companies Act (SICA) has a provision for workers' take-overs to revive sick or closed units. "So far there are three companies which have come under workers' ownership under this act – Kamani Tubes in Bombay, Kamani Metals and Alloys in Bombay and Bangalore and New Central Jute Mills in Calcutta." Even before SICA, "there were instances of tea plantation workers taking over their sick and closed plantations and running them successfully. The first such instance was by the workers in Sonali Tea Estate in the Jalpaiguri district of West Bengal. Tripura has five plantations which are being run successfully by their workers since the late 1970s or early 1980s and Assam has one which was started in 1975. *All these are managed by workers who are regarded as the less developed sections in the organised sector. Given an opportunity, it would appear that other workers too can do the same.*" Or even better! **The concept of worker cooperatives could thus be extended far beyond sick or closed units, in fact, to all undertakings.** ("If the government believes that workers are capable of turning around sick industries, why can they not be encouraged to take over the healthy ones or to explore new areas of production?") Despite the impressive track record of worker cooperatives, their significance is belittled. The current debates indeed center on the pros and cons of the public and private sectors. "Neither the government nor the major trade unions have seriously tried to consider **the possibility of a third**

sector, namely, a workers' sector in industry." Its potential needs to be investigated, and developed!

*"The trade-union movement has to adapt to the changing scenario and evolve new strategies to meet the challenges thrown by restructuring. It has to ensure that the existing jobs are protected. Cooperatives could be one of the strategies. They could also lead to a greater empowerment of workers through self-management... The Canadian Confederation of National Trade Unions' approach towards worker cooperatives could serve as an example of the positive approach of trade unions. This union not only promotes worker take-overs through its special cell, it has also formed two cooperatives banks which provide financial inputs to worker cooperatives and shareholders' cooperatives. Trade unions in India too could consider similar strategies."*⁷

Nandita Haksar shares some other relevant suggestions. **The possibility of labour-based social revolutions "does exist if we look at movements outside the mainstream trade unions such as the fishermen's struggle and the experience of Chhatisgarh Mukti Morcha (CMM).** Both these unions have addressed themselves to the economic, political and cultural demands of the people and touched all aspects of people's lives, both at work and outside it. They have challenged communalism and imperialism. The fishermen's movement, which organised 1.5 million fisherfolk in 9 maritime states and fish merchants and vendors, has opened up possibilities of international solidarity between fisherfolk in India, Sri Lanka and Bangladesh, whereas CMM has exposed the link between communal forces and imperialism. Both these movements have evolved new forms of organisation and have not been limited to formal legal structures. The CMM runs schools, the Shaheed hospital, the Shaheed garage – all on democratic principles outside the narrow framework of the cooperative societies act."

"The significance of Shankar Guha Neogi's attempts to link *sangharsh* (struggle) and *nirman* (institution-building) has still not been appreciated. The experiences of mass social movements like the Narmada Bachao Andolan, Uttarakhand Sangharsh Vahini, the Karbi Along movement for autonomy, the movements for

natural resource management, the experiences of the women's movement and the dalit movement linking the struggle against class exploitation with the struggle against caste oppression, are rich and varied, both in their politics and their organisational principles. Perhaps what we should be talking about is a *'rainbow coalition' rather than a mechanical class perspective of trade-union politics, in which there is democratic space for all oppressed sections of our people and a truly democratic and pluralistic vision of the future which embraces not only our country and people but all the people of the world – that is the challenge posed by globalisation to the trade-union movement.*"⁸

Let us conclude with Nirmal Kumar Chandra: "The tasks before the Indian labour movement are daunting. An acceptance of the status quo would be suicidal. To hope for a magic formula to emerge would be no better than 'Waiting for Godot'. *The unions must carry on with honest experiments*; when some of these fail, as it is bound to happen, they should spur deeper reflection. *In all experiments the labour movement should not only bear in mind the interests of the overwhelming majority of the toiling masses, but closely observe and analyse their reactions, critical or favourable, and alter the strategy and tactics accordingly.*"⁹

9. THE INDIAN FARMER AT THE CROSSROADS

1. Agriculture Since Independence¹

V. M. Rao

The post-independence decades have witnessed some remarkable changes in Indian agriculture. Compared to the stagnant production in the past, the trends in the years following independence were buoyant. Foodgrains production, a critical factor in the growth and stability of the Indian economy, increased from about 55 million tonnes in the early 1950s to over 190 million tonnes in the last decade. The index of overall agricultural production increased by over 60% between 1981-82 and 1994-95. This is indeed significant. Because as recently as the late 1960s, foreign policy advisors in donor countries were against their governments giving aid to India as the country was believed to be moving towards the Malthusian crisis with the population outstripping the food supply. *In reality, not only did agriculture keep foodgrain production ahead of population but it also provided raw materials — cotton, jute, oilseeds, sugar cane, etc. — for growing industries. This sector is presently on the threshold of an accelerated growth in a wide range of exports.*

Technological Change. This cheerful situation was the outcome of two major processes of transformation in Indian agriculture. *First, there have been substantial breakthroughs on the technological front.* The net irrigated area increased from a little above 20 million hectares in the early 1950s to nearly 60

¹This overall article contains some edited extracts from various articles of "Globalise or Perish? — The Indian Farmer at the Crossroads", *Voices*, Vol. IV No. 1, 1996, Madhyam Communications, Post Box 4610, 59 Miller Road, Benson Town, Bangalore, 560 008.

million hectares in the early 1990s. Fertiliser use which was negligible when the planning era began has now reached the level of about 75 kgs per hectare. Second, a revealing indicator of changing technology is *the rising contribution of improvements in yields to growth in production*. During the period 1949-50 to 1964-65, the agriculture growth rate was 3.1% per annum with the major source of growth being extension of the area under cultivation. There has been a marked change in this respect in recent years. During 1980-81 to 1991-92, while the production growth rate increased only marginally to 3.2 % per annum, there was a dramatic improvement in yields. The rate of increase in yields more than doubled from 1.5 % per annum during 1949-50 to 1964-65, to over 3.2 % per annum during 1980-81 to 1991-92.

The credit for this achievement goes to the farmer for investing in and adopting new technologies. A particular mention needs to be made of the fact that even the decline in public investments in agriculture since the early 1980s did not dampen the pace of the spread of new technologies. The agricultural sector now appears to have acquired a growth momentum which is reasonably steady and robust, a welcome indicator for the future.

Growing Market Linkages. *Parallel to this breakthrough on the technological front, a broader process of expanding the market linkages of agriculture occurred.* On the input side, linkages emerge from the growing use of purchased items like new seeds, fertilisers, pesticides, machinery, equipment, etc. Even requirements like fodder and fuel-wood, which were collected free in the past, have now to be purchased. Equally marked has been the change in the rural consumption pattern. The surveys conducted by the National Council of Applied Economic Research (NCAER) provide convincing evidence of the emergence of a large and expanding middle strata in the rural society with tastes and preferences strikingly similar to those of their urban counterparts. Obviously, purchases have to be balanced by sales and the farmer responds not only by producing more but also by selling a larger proportion of what is produced.

This process gets reflected in the changing composition of crops and growing diversification of agriculture. Initially, the use of land

moves from foodgrains to cash crops like oilseeds, fibres, etc. However, in the latter phases of marketisation, the very distinction between 'subsistence' crops and 'cash' crops starts fading away. Today in Punjab and many other areas in India, rice and wheat are produced mainly for the market. Basmati rice, one of the success stories of India's exports, is a good example of the marketisation of a foodgrain crop.

Impact on Society. The spread of new technology and growing market links bring about a transformation which is of considerable significance. Despite their large size, the farming community and the rural people in general tend to get relegated to a peripheral position in most developing societies including India. The urban elite wields a disproportionate influence in the political and economic processes in these societies. The development strategies and policies are therefore shaped by the class interests of the urban elite and by their perceptions about development priorities. As a result, the divide between agriculture and industry and between rural and urban tends to widen – creating a situation of antagonism between the two. This has already been a source of tension and conflict in India and, if allowed to persist, could severely impede the development process. *The technological modernisation of agriculture and its rapid marketisation could go a long way in healing this divide and creating a better social structure for the development process.*

While in the long-run, society would emerge strong and healthy owing to the structural change brought about by the processes described earlier, numerous adverse changes could occur in the interim period. Some are already noticeable in India.

Regional Variations. The decades since independence have witnessed *a considerable widening of differences between states vis-à-vis their pace of agricultural progress*. States like Punjab and Haryana have moved the farthest, leaving the others behind. While better resource endowments have helped these states in gaining a lead, the thrust for development has come from an energetic and enterprising farming community which has admirably adapted itself to the requirements of technological change and increased marketisation. The policy makers too find

it worthwhile to focus their attention and efforts on these areas as a good response is assured. Further, these areas, being politically articulate, are in a position to lobby effectively for policy support.

In sharp contrast, the other areas – particularly the chronically backward areas in semi-arid draught-prone regions – face many impediments in moving ahead in a systematic and planned manner. Research establishments generate few technologies for these areas; the infrastructure like roads, communication facilities and markets remains in a poor and neglected condition; there is a serious shortage of support services like storage, credit, insurance, processing facilities, etc. In the backward areas, poor endowments combine with weak farmer enterprise and meagre policy support and result in the perpetuation of the backwardness of the area.

Prospects for the Poor. Conflicting trends are likely in the field of employment and demand for labour, best noticed in the drought-prone areas. A market-cum-export oriented agricultural growth based on the entry of corporate bodies along with modern technology and equipment, will have a major impact on the economy of the small landholder. There are already indications that land would get transferred from the latter to the big landholders and corporate bodies, thereby increasing the extent of landless casual labour in the rural economy. The contrary trend would be for increased employment in agriculture owing to growth in production, and outside agriculture owing to processing, value addition and rising consumerism in the rural society. However, the people displaced from land will not automatically get absorbed in the new avenues of employment. *These prospects of rising landlessness and unemployment are viewed with deep anxiety.*

Coping with Globalisation. The growing market linkages of agriculture and its integration with the world economy will expose rural society to the destabilising ups and downs of the developed market economy of the West. Apart from cyclical changes in economic activities, the world markets are characterised by cartellisation (e.g. OPEC's role in determining prices in petroleum products) and support policies (e.g. agricultural subsidies in USA and some European countries) which restrict competition and rob

developing countries of their gains from global trade. *All in all, Indian agriculture is becoming a modern activity linked to the world economy.*

2. Implications of Globalisation for Agriculture ²

Vinod Vyasulu

Agriculture and Export Trade. *There is no country in the world where agricultural development has been left to market forces alone.* In the early years of industrialisation, an increase in agricultural output has been a necessary condition for increasing the rate of growth. The surplus from agriculture was seized and invested in other sectors to contribute to the growth process. The classic example is Britain where cheap corn imports helped a fledgling industry – a case of state intervention on political grounds. China in recent years has done the same, squeezing agricultural surpluses for investments in the countryside. *Policies have thus been based on the fact that agricultural surplus must contribute to economic growth, and not on the free-market ideology.*

Prices of primary sector products are highly volatile and open to considerable fluctuations as this sector approximates the textbook case of perfect competition. Therefore, *some form of price policy is required and every country in the world has formulated appropriate policies for its agriculture.* If agriculture is highly productive in the US or in the European Union, this has been in the context of highly supportive price policies, including very large subsidies, given for a variety of motives and on a much smaller population base than in India. Also, the context of poverty has been quite different. This is a factor India cannot ignore.

The prices of primary commodities in international trade have shown a long-term relative decline. Thus, countries dependent only on primary exports gain less from international trade than may be expected on the basis of mainstream theory with mainstream assumptions. In fact, R. C. Dutt's economic history of India argues that exporting agricultural goods is a typical

feature of a colony. The solution was independence, a necessary condition for the development of the secondary sector of the economy. *A policy of promoting agricultural exports today should not be open to the valid criticism of Dutt: it must not lead to a situation of non-independence.*

Ecological Consequences. *The push for exports may moreover have serious ecological consequences.* The growth of shrimp cultivation in Nellore in Andhra Pradesh – in place of good quality rice – has yielded profits, but has also led to salinity of the soil, a condition that cannot be reversed. Can it be argued that the profits that have been made by the farmers concerned are enough to compensate for the environmental decline?

Agriculture and Livelihood. Another peculiar feature of Indian agriculture which must be kept in mind is the fact that while its relative share of output has declined to a little over one third of the GNP, *it continues to support more than two-thirds of the population.* There may not be any other country where such an imbalance exists. In the developed countries, the small share of agriculture in national income is matched by its small share in overall employment. This is one aspect of Indian agriculture that has to be taken into account. But would more agricultural exports create substantial employment outside the agricultural sector?

While the NEP does not say anything about agriculture directly, it contains an implicit argument. This argument is based on the logic of market forces and the theory of comparative advantage in international trade. It is argued that in the context of the international division of labour, a country like India has a comparative advantage in agriculture and should therefore follow policies that would encourage agricultural exports. It is further argued that earnings from agricultural exports could then be used to import other commodities and inputs required by the economy.

It is however well-known that world trade in agriculture takes place in a highly imperfect setting. International prices, therefore, cannot be assumed to reflect true economic scarcities or values. Further, because of non-tariff barriers, relatively small surpluses and deficits influence world prices, but do not have similar impacts

on production and consumption. India's entry into the agricultural world trade is likely to have a significant impact on agricultural world prices. If the standard theory operates in a textbook manner, there will be some drop in international prices. This, in turn, will have its own impact on domestic production. *What is likely is that in a few years, the price advantage of Indian agriculture will probably disappear. But the domestic prices would have risen significantly.* The long-term consequence of such a process is difficult to predict.

If the periodical decline in prices of primary commodity exports observed in the past continues, then at the end of this process, India will be exporting larger and larger absolute amounts in order to earn a standard amount of foreign exchange. *If this happens, there will be a loss of domestic welfare which cannot be recouped.* The recent case of coffee is an example of what should not happen. On the other hand, if the policy of the government is to encourage not agricultural exports *per se*, but exports of agro-industrial products after processing, then two main constraints come up.

(1) If the expenses involved in the creation of brand names are enormous, then, in all likelihood, Indian farmers and industries will tie up with TNCs in the hope of getting a foothold in the foreign markets. TNCs will also bring in foreign brand names to exploit the domestic market, as the Indian middle class of 200 odd million has the required purchasing power. In fact, this is their major motivation. *What will be the distribution of gains between the TNCs and the Indian companies, and between different strata of Indian society? What of the 700 odd million who are citizens of India but not part of the market of 200 million?* **While deregulation in general is desirable, ensuring food security for the majority who are poor is essential.**

(2) With the notable exception of dairy products, there is little expertise in India regarding the food processing industries. *The only optimistic scenario would be that growers, producers and processors of rice, wheat and all kinds of fruits, would follow the examples of dairy industries in India and the experiences of sugar cooperatives in Maharashtra. This would mean*

thinking ahead and planning for the long-term, organising integrated and diversified industries from raw material to final product, foreseeing the finances, technology and marketing, etc. The Anand model in Gujarat shows that this can be done. But the institutional design is far from clear, nor is the desire of the government to promote and facilitate such efforts evident. **Such a policy would require active intervention by the government in key matters like prices, finance, credit, R & D, marketing, etc. and is quite different from the current attitude that the market can look after the needs of the Indian economy efficiently. What such an end-objective requires, is not free-market forces, but carefully regulated markets and appropriate government interventions in support of clear long-term objectives.**

3. The Control of Genetic Resources³

Suman Sahai

After the globalisation of the Indian economy and India's acceptance of the GATT agreement, pressures on the country's markets have increased several-fold. *Apart from consumer goods, the agricultural sector, especially seed production, is being viewed with great interest by MNCs.* Daniel Glickman, the American Agriculture Secretary, recently made a strong plea that India must promote and protect MNCs against government and public sector agencies like the IARI (Indian Agricultural Research Institute). His thesis was that one cannot rely on the government and the public sector to provide innovation and technology and that this could only be provided by MNCs.

Glickman did not do his home-work well enough before he made this sweeping and wrong statement. *The near-miracle that took place in Indian agriculture during the 70s and 80s transforming a food-deficient, food-importing country into a food-surplus, food-exporting country did not happen through*

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multinationals but by the extraordinary cooperation between public sector scientists and farmers in this country. The Gene Campaign and like-minded groups are attempting to create awareness about the subject of genetic resources and its enormous economic importance to India, whether in agriculture or Ayurveda, Unani and other areas. It is important for India to retain political and economic control over its germplasm in all areas, but very especially in agriculture. The Gene Campaign is demanding that MNCs be kept out of agriculture and, very particularly, the gene sector.

In India plant breeding and seed production are largely in the public domain. Plant breeding is undertaken by agricultural universities and the units of ICAR (Indian Council of Agricultural Research), whereas seed multiplication is in the hands of the National and State Seed Corporations. There are sound reasons for this regime. *In a developing country like India, where agriculture is the livelihood of the majority of its people, the government must take the responsibility of ensuring that reasonably priced seeds suitable for diverse agricultural conditions are available to farmers.* The point here is not to maximise profit as would be the case in the private sector, but to sustain the livelihood of many millions.

A strong multinational presence coupled with IPR (Intellectual Property Rights) protection, as Glickman is advocating for India, will result in a catastrophe. *Almost all new patents of plants and genes and new releases will belong to MNCs simply by virtue of their gigantic financial capacities. Research is unfortunately as much a matter of money as of talent.* More money means more resources to invest in breeding and it means greater speed in putting more varieties on the market. In terms of finance and personnel, the IARI is no match to Cargill or Pioneer...

There is an argument that suggests that the entry of MNCs with their superior technology would bring greatly improved seeds to Indian farmers. *These claims would be difficult to substantiate on the basis of facts.* Take the Pepsi experience. Pepsi Foods gained entry into the soft drink and food processing market by

promising investment in agricultural research and breeding new varieties suited for food processing. Pepsi sells its soft drinks and potato chips unhindered in Indian markets in spite of the fact that it has not honoured the contractual clauses regarding research and development. *Pepsi has not produced a single new variety of anything in all these years.* Its potato chips are produced from existing Indian varieties and its much acclaimed tomato breakthrough is in reality a strain called *Naveen*, bred and marketed by Indo-American Hybrids. Curiously, the breeding material came from the agricultural university in Ludhiana!

If Indian research institutions are unable to compete financially and are denied access to the patented genetic material, Indian scientists will find it increasingly difficult to breed new varieties. This will gradually become the sole privilege of the large foreign companies. *In this way, the control over our genetic resources will pass into the hands of MNCs who will thereafter dominate seed production in this country.*

The MNC invasion and domination has two disastrous implications. First, it poses a major threat to Indian food security. If a significant proportion of seed production is in foreign hands, then those MNCs are in a position to wield a disproportionate influence on Indian policies. The days of PL 480, and the humiliation of begging for food, should remind us that Indian food security must never be compromised. Control over seed production means control over food supply. No self-respecting nation can allow foreign companies to threaten its food security by allowing it to control the means of food production.

The second reason why MNCs should be completely excluded from agriculture is linked to employment generation. Perhaps the single greatest problem facing India today is massive rural unemployment. The most logical sector to generate jobs for rural youth is in and around villages and associated with agriculture, an activity they are familiar with. There is no reason in the world why a MNC like Pepsi Foods should be given the licence to produce potato chips and tomato sauce. Such activities in agro-business and food processing provide the ideal avenues to generate rural employment and must be reserved for rural communities. *The*

agricultural sector is India's strongest and most promising sector and we ourselves must exploit it.

Losing control over our genetic resources will seriously undermine our efforts to achieve self-reliant economic growth. Our reserves of skilled scientific manpower, technological innovations and diversity of genetic resources, enable us to become globally competitive in the field of biotechnology and seed production. **India's genetic resources are one of her greatest assets. They must be utilised as a source of revenue.** Instead of marginalising our institutions, now is the time to shore them up and give them the extra support needed to compete in the global market. Now is also the time to show the door to the likes of Glickman!

4. Misleading the Indian Farmer⁴

T.N. Prakash

GATT Unrealistic Assumptions. *The optimism about India's export of farm products and its favourable impact on India's farmers – assumed under the GATT agreement – is based on several assumptions. (1) The provisions for increased market access made under the GATT agreement will 'automatically' expand the export market for Indian farm products. The diversified agro-climatic conditions as well as cheap labour supply in India give us a distinct edge over the others in the export of non-conventional horticultural products such as vegetables, fruits and flowers. (2) The reduction of subsidies to the farm sector in the developed world (almost 40 % at present) through an effective implementation of the GATT provision will increase the cost of production of farm products in those countries and hence, our products will become relatively cheaper and more competitive in the international markets.*

(3) The required technologies for the production, processing and packaging of our exportable items can be made available to farmers in India in as efficient a way as in the developed countries. (4) There would be enough marketable surplus in India to ensure that the domestic demand, even if it grows due to increase in

population and in the income of the people, would be satisfactorily met. (5) All these will ultimately result in transferring a substantial part of the profit earned in the export trade to the farm population. Indian farmers thus possess enough economic incentives to export their products.

Indian Realities. But the ground realities and inherent peculiarities of Indian agriculture do not warrant this optimism. The Indian farming sector largely consists of small and marginal farmers whose land-holding size is too small (less than 2 hectares) to take up agriculture on an economic scale. It is therefore difficult to think of integrating these farmers into world trade and making them reap the benefits of globalisation. India may rank second in the production of both fruits and vegetables, but its share in the world market is hardly 0.5% in these items. This low share not only reflects the low acceptability of our commodities in the developed countries, but also indicates that the Indian domestic consumption is very large.

India is the second and the fourth largest producer of rice and wheat in the world respectively. We have successfully maintained a 30-million tonnes buffer stock of these items in recent years. This merely confirms the lack of purchasing power of a sizable proportion of our population. In this situation, *thinking about the export of agricultural commodities from a country like India is not only ridiculous, but also unethical*, as the proportion of the population who are unable to get a single meal per day remains at almost 30 % even after fifty years of independence.

Our experience during the last five years in the export of agricultural products does not project a bright picture either. Even after liberalisation, our export earnings from agriculture could reach only Rs 3,000 crore in 1995. Out of this, floriculture forms hardly 0.5 %, while fruits and vegetables contribute about 20 % of the total agri-exports. The major share (more than 30 %) comes from Basmati rice, for which India has been one of the traditional suppliers for the past several decades.

The exploitative role of the market intermediaries in Indian agriculture may also pose a serious constraint in transferring an

appropriate share of the profit earned in the export of agri-products, to the farmers. The producers' share in India indeed amounts to just 15 to 30% in most of the cases. *This is very unattractive and very unremunerative for most Indian farmers to take up production for export purposes.* The large-scale production of commercial crops may finally have serious environmental costs in terms of deterioration of soil quality, pollution, soil and water contamination, etc. In the long-run this may seriously affect the sustainability of the farming system. **All these facts do not give a bright picture about the prospects for Indian farmers in the globalised market scenario.**

Another important consideration should be added. *The family farming system is under threat.* The family farm is a "cherished American institution and a symbol of traditional American values", states a 1988 US article. Yet, the family farms in America could not keep up with the 'trends' in US agriculture. Between 1920 and 1985, the number of US farms decreased to around 2.5 million from 5 million, and the average size of the US farm rose to 450 acres from 150 acres, whereas the proportion of population dependent on agriculture decreased from 30 % to just 5 %. In Britain too, a recent survey favoured family farms and expressed serious apprehensions about "factory farms". *But in spite of public opinion, the collapse of the family farming system continues in most parts of the world.*

The International Solidarity Conference on "Farmers on GATT" (held in Seoul, Korea, in February 1993) and the Declaration of Family Farmers on the "Uruguay Round of GATT" (Tokyo Summit, 1993) have also asserted **their misgivings on GATT as "a disaster for the environment, rural economics, food quality and food security around the world"**. Both unequivocally pointed out the adverse effects of international trade on the structure of agriculture and family farming systems in the world. The delegates highlighted the very desirable roles played by the family farming system in maintaining social and political stability, the economic viability of rural regions and the welfare of the nation as a whole. Family farms, according to them, were best suited to safeguard the countryside and the environment.

The zeal with which our elites accept and welcome GATT and the whole process of globalisation is amazing. The government of Karnataka has recently come out with the New Agricultural Policy and the Land Reforms Amendments Act. The New Agricultural Policy has cleared the way for “industrial agriculture”. The various amendments to the present Land Reforms Act have done away with the restrictions on acquisition of land by non-agriculturists and use of agricultural lands for non-agricultural purposes, unmindful of the impact of these policies on the existing land structure and the prevailing family farm system, let alone the impact on the cultural components of agriculture.

Agro-economists give some vital policy prescriptions to reorient our entire agricultural development strategy so that primary producers are effectively safeguarded against exploitation both at the national and international levels. They recommend continuous upgradation of our technology, investment in rural infrastructural development, minimum support prices even for non-conventional perishables like vegetables, fruits, flowers, dairy products, etc. *But two serious cautions are worth considering: first, the possible distortion in the cropping pattern and the consequent threat to food security, if the exports of high-value, non-conventional crops are over-emphasised; second, the emergence of MNCs as potential monopoly powers in the domestic markets, dampening the very spirit of competition which GATT is supposed to promote.* **Food security should be our “first and foremost safety rule” at any cost. To curb the MNCs, an effective solution lies in the strengthening of our cooperatives, which can promote the export trade from India and help the country’s farmers.**

10. GLOBALISATION AS CULTURAL IMPERIALISM

Introduction. The great victory of neo-imperialism under the garb of globalisation is not only material profits at the cost of the Third World economies, but more tragically, *the conquest of the consciousness of the oppressed*. This document analyses how today's neo-colonialism operates in the field of culture to ensure the supremacy of capital over the whole world. It comes to grip with a basic issue of the globalisation process, namely the scientific and cultural domination of the North over the South.¹

1. The Mechanisms of Cultural Hegemony²

K. N. Panikkar

Cultural Hegemony and All-Embracing Domination. Culture appears to be an arena in which MNCs are particularly active. This is a new development. The cultural onslaught which the Third World countries are experiencing today is *an attempt to establish cultural hegemony as a precursor to an all-embracing domination*. Through the imposition of the culture of capitalism, the Third World countries are "trained to prepare the ground for an administered world" to which corporate capital would have easy access.

Mechanisms of Cultural Hegemony. The cultural presence of advanced capitalism in the Third World countries contributes in myriad ways to capitalist hegemony by creating an ideological

These reflections were collated by the Documentation Centre (DC), Indian Social Institute (ISI), 10 Institutional Area, Lodi Road, New Delhi 110 003. They were circulated in the occasional dispatch of July 1997. We however went back to the original articles and made a few changes.

climate for the forces of globalisation to operate. K. N. Panikkar writes: "It would be useful to draw upon the insights provided by Antonio Gramsci in his analysis of culture and politics, to understand this phenomenon of cultural domination through globalisation. Particularly useful is Gramsci's concept of 'common sense', *'the uncritical and largely unconscious way in which a person perceives the world'*. The cultural, social and political behaviour of each individual and group is influenced by this common sense. Gramsci argues that leading groups in society try 'to transcend a particular form of common sense and *to create another which is close to their conception of the world'*. The forces of globalisation and their compradors in India are precisely engaged in such a task."

Commodification of Indigenous Cultures. In this process, there is an appropriation of certain ways of behaviour and of thinking as well as of popular religious forms and practices, by the dominant groups, in this case the forces of globalisation. Pursuing his analysis, Panikkar underlines that appropriation has two important dimensions: construction and commodification. For quite some time, there have been massive investments by several global agencies in the study of various forms of culture. Innumerable projects probe popular cultural forms, imparting to them certain meanings unfamiliar to the people. *The appropriation of indigenous culture and its commodification are two sides of the same coin.* The cultural operators have been slowly but steadily moving into the terrain of popular culture, turning it into a commodity for the global media.

This appropriation of indigenous culture by the dominant outsiders is important for them, because culture is the arena in which initial resistance against all forces of domination finds expression. The nationalist movement saw the transformation of several cultural forms to further the anti-colonial struggle. *The possibilities of resistance inherent in culture are being undermined by the forces of globalisation through appropriation and commodification.*

Globalisation and Communal Consciousness. *Globalisation is also likely to deepen the communal consciousness. The early impulses which generate communalism today, were posited in the cultural crisis experienced by the middle class. The members of this class had imbibed a superficial sense of modernity, adopting "Western-modern" as their life-style. Yet, they were in search of their roots which they uncritically located in their primordial identities. Today's imposed global modernity is sharpening this dichotomy and the "globalised modern" easily finds solace in religiosity, superstitions and obscurantism. The Hindutva forces exploit this situation for political purposes.*

2. Cultural Imperialism in the Late 20th Century³

James Petras

Understanding Cultural Imperialism

What Is Cultural Imperialism? Imperialism cannot be understood merely as an economic-military system of control and exploitation. **Cultural domination is an integral dimension of any sustained system of global exploitation.** *In relation to the Third World, cultural imperialism can be defined as the systematic penetration and domination of the cultural life of the popular classes by the ruling class of the West in order to reorder the values, behaviour, institutions and identity of the oppressed peoples to conform with the interests of the imperial classes.*

New Features of Cultural Imperialism. Contemporary cultural colonialism (CCC) is distinct from past practices in several ways. (1) It is oriented toward capturing mass audiences, not just converting elites. (2) The mass media, particularly television, invade the household and function from the 'inside' and 'below' as well as from 'outside' and 'above'. (3) CCC is global in scope and homogenising in its impact: the pretence of universalism serves to mystify the symbols, goals and interests of the imperial power. (4) The mass media as instruments of cultural imperialism today are

‘private’ only in the formal sense: the absence of formal state ties provides a legitimate cover for the private media projecting imperial state interests as ‘news’ or ‘entertainment’ . (5) Under contemporary imperialism, political interests are projected through non-imperial subjects like ‘news reports’.

The Impact of Cultural Imperialism

Uprooting and Dividing People. *US cultural imperialism has two major goals – one economic and the other political – to capture markets for its cultural commodities and to establish hegemony by shaping popular consciousness.* The export of entertainment commodities is one of the most important sources of capital accumulation... In the political sphere, cultural imperialism plays a major role in dissociating people from their cultural roots and traditions of solidarity, replacing them with media-created ‘needs’, which change with every publicity campaign. The political effect is to alienate people from traditional class and community bonds, atomising and separating individuals from each other. *Cultural imperialism indeed emphasises the segmentation of the working classes...* It also promotes the cult of ‘modernity’ as conformity with external symbols. In the name of ‘individuality’, social bonds are attacked and personalities are reshaped... The media provide individuals with escapist identities.

Collective Amnesia. *Cultural imperialism provides devastating demonological caricatures of revolutionary adversaries, while encouraging collective amnesia of the massive violence of pro-Western countries.* The Western mass media never remind their audience of the murder by anti-communist pro-US regimes of 100,000 indigenous people in Guatemala, 75,000 working people in El Salvador, 50,000 victims in Nicaragua. The mass media cover up the great disasters resulting from the introduction of the market in Eastern Europe and the ex-USSR, leaving hundreds of millions impoverished.

Submissive Consciousness. *Cultural imperialism, by the values it promotes, has played a major role in preventing exploited individuals from responding collectively to their deteriorating conditions.* The symbols, images and ideologies

that have spread to the Third World are major obstacles to the conversion of class exploitation and growing immiseration into class consciousness, the basis for collective action. *The great victory of imperialism is not only the material profits, but its conquest of the consciousness of the oppressed*, directly through the mass media and indirectly through the capture (or surrender) of its intellectual and political class. **Mass revolutionary politics must begin with open warfare not only with the conditions of exploitation but also with culture that enslaves its victims.** *Cultural imperialism not only unsettles the indigenous but also tries to legitimise a concept of social development modelled on the advanced capitalist societies.* That no such development is feasible is effectively concealed and the underdevelopment the new economic world order would perpetuate is camouflaged.⁴

The Limits of Cultural Imperialism

The reality principle however works against the pressures of cultural colonialism. The personal experience of misery and exploitation caused by global policies and the police/military repression enforced by US supplied arms are everyday realities which the escapist media can never change. Within the consciousness of Third World peoples, there is a constant struggle between the demon of individual escape (cultivated by the mass media) and the intuitive knowledge that collective action and responsibility is the only practical response.

There are absolute limits in the capacity of cultural imperialism to distract and mystify people, beyond which popular rejection sets in. The TV 'table of plenty' contrasts with the experience of the empty kitchen; the amorous escapades of the media crash against a houseful of crawling, crying hungry children. The promise of affluence becomes an affront to those who are perpetually denied. Prolonged impoverishment and widespread decay erode the glamour and appeal of the fantasies of the mass media. The false promises of cultural imperialism become the object of bitter jokes.

The appeals of cultural imperialism are also limited by the enduring ties of collectivities – local and regional – which have their own values and practices. Where class, racial, gender and ethnic bonds endure and practices of collective action are strong, the influence of the mass media is limited or rejected... In many communities there is a clear rejection of the 'modernist' developmental-individualist discourse associated with the supremacy of the market. The historical roots for sustained solidarity and anti-imperial movements are found in cohesive ethnic and occupational communities such as mining towns, fishing and forestry villages, industrial concentrations in urban centres, etc. Where work, community and class converge with collective cultural traditions and practices, cultural imperialism retreats.

Conclusion

Cultural liberation involves not merely 'empowering' individuals or classes, but is dependent on the development of a socio-political force capable of confronting the state terror that precedes cultural conquest. Cultural autonomy depends on social power and social power is perceived by the ruling classes as a threat to economic and state power. Just as the cultural struggle is rooted in values of autonomy, community and solidarity which are necessary to create the consciousness for social transformations, political and military power is necessary to sustain the cultural bases for class and national identities.

11. THE GLOBALISATION OF INFORMATION AND COMMUNICATIONS

1. Worsening Information Imbalances

The benefits of international communications are very unequally distributed. This deplorable state of affairs continues to worsen and now warrants urgent attention and swift remedial action. The existing body of international law concerning communications guarantees the individual right to expression. However, *the reality of modern communications is that access to mass communications is restricted by economic and political barriers. Neither individuals nor sovereign states are equal in the world of communications.* If a general concept of the right to communicate is to be developed, it has to include how structural impediments to communications can be removed or circumvented. Let us look at the facts.

a) There are no free and balanced flows of public information and opinions in the programming of the dominant, international media organisations. *News and entertainment programmes are produced in the North from a Northern perspective and according to a Northern agenda.*

b) *There is no freedom of participation.* Ownership of the international media organisations is vested almost entirely in the North and in the USA. The programming of these organisations is decided by an extremely small group of managers, producers and editors

Sections 1 and 2 of this article consist of extracts from "Globalisation", Parts II and III, Occasional Dispatch, July 1997, Documentation Centre, Indian Social Institute, Delhi, while the extracts of Section 3 are taken from "Telephone for All, Privilege or Basic Right?", "Voices", Vol. 1 No. 3, 1997, Madhyam Communications, Bangalore.

who base their production decisions mainly on business considerations aimed at maximising profits. They report only to media-owners who enjoy no valid mandate from the people to manage the world's communications systems. News and information dissemination within this totally commercialised system are highly prone to censorship to safeguard vested interests. Furthermore, the production of hardware and computer software is also being controlled by a few large corporations. In the case of software for personal computers, there is near monopoly by one large company.

c) People and governments are not being provided with fair access to the international communications channels. Media gate-keepers, often located at great distances from the people, make arbitrary decisions on programming which are frequently disruptive of cultural environments and socio-political settings. Communities in the developing countries suffer the worst effects: their fragile cultural heritages are being silently, but effectively, weakened by cultural imports. The resultant change in values has begun to inflict permanent fractures upon these delicately balanced cultures. Communities rapidly disintegrate in the absence of binding cultural ties, losing their best opportunities for development as a group.

d) All international media tend to apply similar commercial formulae and strategies in their operations. The same American production approaches and contents are being offered to people everywhere. Such general programming has seriously reduced the diversity of cultures and perspectives in the world.¹

Some Data on Media Concentration. *About 90% of the information and communications industries – which besides the media, include informatics, equipment and infrastructure – are presently controlled by the US, the European Community and Japan. Of the 300 top-ranking media firms, 144 are American, 80 West European and 49 Japanese. Of the top 75 organisations in the field of informatics, 39 are American, 25 West European and 8 Japanese. The figures related to equipment are as follows: of the 158 top firms, 75 are American, 36 West European and 44 Japanese. Data on turnovers and profits, particularly from*

advertising, reveal a similar concentration. *Given this situation, it would be nothing short of ridiculous to speak of redressing North-South imbalances.* The feverish debate of the 70s and 80s about the new world information and communication order seems to belong to a prehistoric age.²

India's TV Infrastructure. *The cultural penetration and appropriation of culture by capital is facilitated by the ambivalence of the infrastructure that is being developed.* This is where India stood in early 1995: "A total of 30 million homes in urban areas and 15.7 million in rural areas own TV sets. The total production of TV receivers in 1994 was estimated at 6.5 million. Doordarshan's primary channel DD1 is now viewed in 45.7 million homes; DD2, the metro channel, is available to 13.9 million homes. The number of homes enjoying satellite TV facilities increased from just 400,000 in 1991 to 7.3 million at the beginning of 1994. There was a big boom in this regard specially in the Western and Northern parts of the country in 1992-93. A total of 30% of homes in Delhi receive satellite programmes. The figure for Madras is 18%, Calcutta 12% and for Ahmedabad more than 50%."³

Media and Joint Ventures in India. The most powerful newspaper groups, whether in English or in the regional languages, are moving beyond their own core business to invest in satellite communications and electronic media. The *Hindustan Times* recently set up a big TV software joint venture with the British Pearson group and Hong Kong's TVB. *Business India* has launched what will become a 24-hour multi-channel satellite TV service. *Eenadu* has booked a satellite transponder, acquired rights to a library of old movies and is setting up a 'film city' outside Hyderabad.

India's Cultural Invasion. *A typical example of the penetration of outside media into India is that of Hollywood cinema entering Indian towns.* The exhibition of Hollywood cinema in India has survived many years of tussles between the Government and the Motion Picture Export Association of America, the censor board, video piracy and even satellite TV. But today there is a difference: *Hollywood cinema, which for decades had a small but captive audience, is now aggressively*

marketed as a product. Packaging and sponsorship have become very important. The blockbusters are now released in India much more quickly. Audiences which usually had to wait for a minimum of two years after a film's release in the US, can now see it within weeks. The agent of Warner Brothers in Chennai says that the studio's policy is to distribute films within 45-90 days of their release in the US.

The aggressive marketing of Hollywood cinema has changed the audience in India. There has been, as it were, a 'democratisation' of the audience. The profile of people in the cities seeing Hollywood cinema has changed and a large audience has developed in small towns. While the traditional English-speaking occupants of balcony seats retreated to their video cassettes/laser discs or satellite TV, members of the more traditional middle class fill the theatres in the cities and towns. The agent of 20th Century Fox in Chennai thus describes the new development: "Not only theatres in Madurai and Salem but even centres like Bodinayakanur have become important. In Kerala, for instance, earlier no more than 16-20 theatres would screen Hollywood's films. But "Speed" ran in 120 theatres in that state." ⁴

2. Towards a Political Economy of Information

Roberto Verzela

There has been much fanfare about the information technology and the miracle that it is supposed to bring. To understand the forces behind this phenomenon, one needs to go back and analyse the history of today's foremost information economy, that of the US.

The Transformation of the US Economy. It was a sociologist, Daniel Bell, who first pointed out that the US was moving towards what he called a "post-industrial economy". It has been variously called a "service economy", a "knowledge-based economy" and a "technocratic economy". We now know that Daniel Bell was describing the emergence of what we call the "**information economy**".

In 1956, white-collar workers began to outnumber blue-collar workers in the US. By 1967, the information sector accounted for 45% of the US GNP, and 53% of the income earned. In the 1970s, only 10% of the new jobs were provided by the industrial sector. In 1983, only 12% of the US population was directly engaged in manufacturing activities, while 65 % worked in the information field. The statistics of the 1990s reveal the growing pervasiveness of the information sector. In 1994 for example, more data calls than voice calls were made over the US telephone system. And it is expected that more electronic mail than postal mail will be sent in 1996.

There is no doubt that *the information sector today dominates the US economy*. It is the leading sector in employment, growth and exports. Increasingly, it is also becoming the strongest voice in US politics. More and more, the domestic and international agenda of the US government are being set by spokespersons and representatives neither of the agricultural nor the industrial but of the information sector. Eventually, more business transactions will be done on the internet than in any other way. When that time comes, the dominance of the information sector will be complete. *This is the basic, fundamental transformation within the US economy – the engine that drives globalisation.*

The Special Nature of Information Goods. *Information goods comprise books, music and videos, software, inventions, designs and ideas, and genetic information.* (Though surprising, the last entry is correct, for genetic information possesses the required characteristics to be on this list.) *Information goods have special qualities or characteristics.* They do not wear out. They are not used up. One can give them away without losing them. Information is non-material. Electronic information is easily copied, and does not cost much to copy. *The most important of these is the low cost of duplication.* This is easily seen in computer software, where the cost of copying a diskette is nearly zero. It is also obvious for music and video tapes. And with new technologies, books are joining the same category.

What are the implications of this near-zero duplication cost? On one hand, it means that people tend to freely share information.

Many people have taken an altruistic view towards information. "I won't lose anything if I share my copy. Why should I deny it to someone who needs it?" In fact, freely exchanging information is considered a basic right. The internet, for instance, is spreading with this culture of freely sharing information. On the other hand, the near-zero cost of duplication means that extremely high profit margins can be realised in selling information. This is the basic formula behind all successful information companies, from entertainment to software, to biotech companies. It is this high profit margin that attracts investment funds and transforms an industrial economy into an information economy.

However, these two implications of near-zero duplication cost are in direct conflict with each other. If people can copy information freely, there is no need to buy information, and no possibility of high profits from sales. This is the most basic conflict with the information sector and within an information economy.

The Emergence of Three Types of Economies. *With the phenomenal growth of information, we can now identify three major sectors in every economy: the agricultural, industrial and information sectors. The agricultural sector is the sector of "living goods" and related services. Here, we deal with the production and consumption of living matter. This is a very special sector which some prefer to call the "ecology sector". The industrial sector is the sector of "non-living" material goods. This sector requires the most in terms of energy and raw materials, as it involves the extraction of raw materials from nature, and the transformation of dead matter through human labour and machine power into finished products. The information sector is the sector of "non-material" goods, which we just described.*

These sectors give rise to three types of economies, and thus to three worlds. Agricultural economies continue to have their agricultural sector as their dominant sector. Industrial economies have their industrial sector dominant. And the information economies have a dominant information sector. Almost 90% of the information owned today through patents and copyrights are in the possession of the information economies.

The interplay between these three types of economies expresses the main dynamics of today's world economy. It is an interplay that is marked by a mix of competition and cooperation, exploitation and dependence. *The world economy is increasingly dominated by the information economies and the major economic debates today reflect the conflicts between the interests of emerging information economies on the one hand, and the newly industrialised as well as the agricultural economies on the other hand.* Of course, secondary conflicts continue to exist between the industrial economies and the agricultural economies.

The Trade Winners and Losers. Let us look at the nature of trade between agricultural, industrial and information economies by comparing the trade of three typical products such as sugar, television sets and software programmes. At 15 cents a pound, an agricultural country needs 2,000 pounds of sugar to earn about \$ 300. An industrial economy needs to produce one colour television to earn \$ 300. An information economy, on the other hand, has to sell one copy of a \$ 300 programme like Word Perfect to earn \$ 300. An information economy like the US can thus trade one copy of its Word Perfect for 2,000 pounds of sugar in the Philippines, or for one of Taiwan's colour television sets. Yet, how long does it take to produce 2,000 pounds of sugar compared to another copy of Word Perfect? How many Filipinos have to work, and how many days, to produce a value that is equated to a product which can be copied by one person in a few minutes?

An information economy can produce, with a minimum input in labour and raw materials, an exchange value that agricultural and even industrial countries must produce at considerable inputs of labour and raw materials. *In other words, information economies are in a position to realise extremely huge profits when trading with other economies. They can extract huge amounts of wealth from their trading partners.*

We can see how developing countries are becoming captive markets of information economies. In August 1995, the monopolistically-owned 'Window 95' was introduced. This operating system renders obsolete all currently existing personal

computer software and hardware. Many of us have become captive of this never-ending cycle of replacement and purchase.

A connection to the internet is not much different. The introduction of the World Wide Web (WWW) has made it 'necessary' for internet users to upgrade their 2,400 bps modems to 14.4 and then to 28.8 kbps modems. Now they are talking of ISDN, which will render obsolete much of the current crop of internet access hardware. Imagine the huge market created for information economies!

The Emerging New Colonialism. *What we are witnessing is the emergence of a new type of colonial relations between an agricultural economy and an information economy, where the former becomes the source of cheap materials and a market of highly profitable information products. This exploitative relationship can even exist between an information economy and an industrial economy, where the latter serves as a market for expensive information products and a source of relatively cheap industrial products. This is a further development of the old-style colonial relationship between industrial and agricultural economies which continues in many parts of the world.*

This new type of colonialism will exploit agricultural countries even more as their genetic resources are considered the "heritage of mankind". They are therefore practically free. It will ravage their agricultural sectors with the 'patented', genetically-engineered agricultural products of advanced countries. Even newly-industrialised countries like Thailand or India can fall victim to this new type of colonialism. *In fact, most countries are already captive of binding agreements like those of GATT and WTO, which provide the legal infrastructure for the world dominance of the information economies* by protecting their monopolies over information on the one hand, and prying open new information sources (biodiversity) and markets (telecommunications, media and services) on the other hand.

Conclusion. Some of us involved in social movements are privileged enough to possess the knowledge to participate in the economic activities of the information sector. However, our

participation can also affect our consciousness and enslave us. We should remember that our original mission is not to make money, but to do political work and to develop a political grasp of the sector, so that we can link the popular struggles in this sector with other social movements for change. We are here to help develop a political economy of information.

A political economy of information would analyse the basic contradiction in an information economy and its various expressions. It would identify the new economic relations and classes that emerge out of the social restratification. It would reach for the motive forces that can be mobilised to initiate basic changes in property relations. It would identify the main forces, the reliable allies, the middle forces, and the opponents of change. It would study what demands must be raised to mobilise and unite motive forces with the nature of information goods. Developing such a political economy of information has become an immediate necessity given the rapidity with which the information sector has established its dominance.

3. The New Telecommunication Technologies

Adverse Implications of Telecom⁵

Krishna P. Kandath

In recent years, governments and think-tanks in developing countries like India have become very enthusiastic about developing the national telecommunication infrastructure. Visits of transnational leaders Rupert Murdoch, Bill Gates and their likes have become national media events. *However, it is necessary to think about the consequences of our investing in telecommunication technologies.*

Numerous reasons have been advanced to argue the case for increased interest and investment in newer telecommunication technologies. The most recent argument has been the liberating potential of the internet and how satellite television transports the common folk into the 'global village'. There are others who like to

convince us about the democratic and participatory nature of newer technologies. However, there are many critics of this move, especially from European countries, where the implications of telecommunication technologies are showing.

In India, the issue of investing in telecom technologies merits attention for many reasons. First, telecommunications serve the cause of large national and transnational businesses. Second, most technologies are developed for Western society and may not be 'appropriate' for developing countries. Third, these technologies, it has been argued and is till arguable, push the already oppressed people of a nation into the current form of capitalism that increases dependency relationships in various sections of rural society. Lastly, these technologies impact severely on the cultural diversity of a nation.

The backbone of contemporary capitalism comprises the TNCs and, since recently, the national elite and industrialists. These increasingly depend on newer and sophisticated telecommunication technologies to maintain their position in the world system. For them, the primary interest of these technologies results from the constant need for information flows, a vital catalyst of capitalism today. These information flows sustain their class interests and further their privileged position in society. *As experience has shown, the new technologies have severely impacted the culture of the indigenous and native people of developing countries like India, apart from widening the prevailing gap between the haves and the have-nots. They have thus increased the dependency of the poor on the rich, and therefore their oppression.*

Telecom as Public Infrastructure, Social Resource and Basic Right ⁶

N. Kalyan Raman

Studies over the past 20 years have highlighted the existing disparities in access to telecom services between rich and poor nations, between the rural and urban sectors within a country, and the immense potential these technologies hold for actualising rapid

and equitable development and for the healthy, democratic functioning of a society. (Investment in telecommunications tends to stimulate and catalyse – rather than follow – economic development.) Studies have also shown that telecom has become an indispensable necessity in sustaining and improving the quality of life in rural and remote areas. Industrial expansion, supply of inputs to agriculture and effective marketing of agro-products are impossible without telecom facilities. Equally, the delivery of social services such as health and education, efficient local administration, autonomy of the rural producer and participation of the community in local and national life require access to basic telecom facilities and more advanced information networks. The right to information never appeared closer to being realised than it is today, thanks to advances in communication technologies.

The poor development of the telecom infrastructure and its lopsided distribution have been traditionally taken as facts of life which cannot be altered. There is no reason why this should remain so if we abandon conventional ways of looking at telecom and the structures through which the technologies are generated and deployed. A conventional approach to the diffusion and application of technology under the capitalist framework has repeatedly – and inappropriately – treated technology as deployment of a private resource, as yet another factor of production whose cost is recovered by the producer from the market. As a consequence, in our stratified world, *technology has been used as a very effective tool for establishing and sustaining socio-economic, political and military hegemony over the weak by the strong nations; and over disadvantaged classes by the economic-technological elite within a country. Disparities in the availability of telecom technology, which has become vital for the generation, storage and transmission of information, and therefore, for all activities today, and which is critical for the meaningful participation of an individual in the community at local, regional, national and world levels, can only reinforce the existing hegemonies. A drastic mitigation of existing disparities and wider diffusion of the benefits of telecom will lead to a more democratic and empowered society.*

A conscious exploration of the possibilities for the telecommunication infrastructure to yield socio-economic benefits to the largest number of people, needs to be undertaken by the state and telecom community. Let us highlight a few basic principles. (1) One should look at communication technology as **a social resource, and not just another factor of production, and in the case of telecom services, commodities in the market.** (2) The telecom infrastructure should be considered **as part of the public infrastructure** which also ensures, at public expense, surface transport networks and drinking water, without charging commercial rates for access and usage where possible. (3) Since access to telecom products and services has become a basic determinant of a citizen's life, this access should be considered **a basic right** and the responsibility to provide it an inescapable obligation of the state. **An equitable telecom policy framework for the all-round development of our economy and polity must be developed...**

12. GLOBALISATION IN EDUCATION

Louis Xavier

The Phenomenon of Globalisation

We are now just two years away from a watershed, the end of the second millennium of recent history and the opening of the third. The 21st century will be marked by a unique phenomenon known as the '**Global Village**'. As Saul Mendlovitz says, "it is necessary to seriously accept not only the rhetoric but the reality of the term, '**Global Village**'. The fact that the overwhelming majority of humankind understands for the first time in history that human society encompasses the entire globe, is a phenomenon equivalent to the acceptance of the fact that the earth is round rather than flat."¹ The cultural unification of the world is already reflected in several ideas and values and also in many areas as music, cinema and sports. Pop singers from America and other countries are heroes to teenagers in places as far apart as Holland, Hong Kong, Bombay, Moscow, Seoul, Rio de Janeiro and Paris.

Factors Responsible for Globalisation. Four major historical processes or revolutions have accelerated this process of global and cultural unification. These are the ideological revolution of egalitarianism, the technological and scientific revolution, the cybernetic and electronic information revolution and the market economy revolution. These revolutions are sweeping the entire world.

This article is an edited version of a talk given by Louis Xavier, SJ, Director, LIBA, Loyola College, Chennai at the National Seminar on "Framework of Education for the Indian Context", held at St. Joseph's College, Tiruchirappalli, Tamil Nadu on December 4-6, 1997.

Globalisation in Education. The natural consequence of economic globalisation is the globalisation of education. This process takes various forms: courses of foreign universities are being offered in India as correspondence courses; an accreditation system is followed wherein students can acquire a dual degree – one from their parent university and another from a foreign university under certain conditions. There is yet a simpler system of accreditation where the course in the parent university is simply accredited by the foreign university and the student gets a foreign degree.

Globalisation Dilemmas

1. The Role of Market Forces. Market forces play a very crucial role in the globalisation of the economy as well as of education. In a market economy, the globalisation process in education may be taken advantage of by the richest countries to exploit the market demands in developing countries. *Education becomes business.* Business enterprises suck profits from whatever corner of the world they can. They see the world as economic territories for their expansion. Certain universities abroad know that students in the developing countries would like to have a foreign tag added to their degrees. *This craving for foreign accreditation is seen as market potential and is being exploited.* In this situation, the international partnership arrangements will be driven more by profit motives, favouring developed countries and allowing as a palliative a few visits to foreign lands by ‘educationists’ of developing countries. *These partnership arrangements may not bring any substantial benefits to learners in developing countries and may distort the social priorities of education.*

2. Neo-Colonialism. In all these cases of globalisation of education driven by market forces, *there is the dominance of the partner from abroad.* Globalisation is used more for invasion rather than access. *Certain countries with better resources dominate the educational scene of countries with less resources.* The partnership arrangements may result in assigning a secondary role to institutions from the developing countries who in the process lose their initiative and self-identity. This leads many people to consider globalisation as another form of neo-colonialism.

3. Localisation and Relevance. Besides, the materials and programmes developed for one particular cultural context may be made available in the global market as valid for all contexts and countries. This raises the question of relevance. Even though the philosophy of globalisation should be to think globally and act locally, a contradictory philosophy operates here. Preparing materials/programmes for one's own country and offering them internationally to cash in on market demands results in a philosophy of 'thinking locally and acting globally'.

4. Growing Disparities. *It is well-known that economic globalisation has widened disparities at both the international and national levels.* At the international level, the 1960 income of the top 20% was 30 times that of the bottom 20%. By 1989, it was 60 times more, the richest 20% getting 82.7% of the world GNP and the bottom 20% only 1.4%. This income disparity is reflected in real consumption levels: the North with one fourth of the world's population consumes 60% of the world's food, 85% of its wood, 75% of its metals and 70% of its energy.² The amount spent by Americans on Pepsi-Cola is \$ 30 billion per year, or twice the GNP of Bangladesh.

A similar process of growing inequality is at work within each country. Let us look at our own country. According to a NCAER study, the wealth of the top 1% in India is more than the wealth of the bottom 65%.³ On 19 September 1997, M.S. Swaminathan, the famous agricultural scientist, made the following remarks on the Indian situation: "The experience in recent years has shown that neither in economics nor in environmental protection, the trickle-down approach worked, particularly in helping the poor. Globally and nationally, the rich-poor divide is growing and today in India we have as many people below the poverty line as the entire population of the country in 1947."

As in the economy, globalisation in education may accentuate disparities if the access is restricted only to the affluent and the wealthy. Our country already has a dual system of education with a strong class bias. While over 80% of Indian children go through an educational process of the lowest quality provided mostly by government schools, nearly 20% benefit from a parallel system

which offers education of a comparably far higher quality, provided mainly by private agencies for a price. The former form the bulk of the lower socio-economic class and the latter come from the higher professional, technical and other elite classes. *The globalisation of education based on market forces may accentuate the already existing disparities.*

Concerns for a Meaningful Partnership. *Going global in the sphere of education should keep certain concerns in mind.* (1) Who is going to be the beneficiary in any partnership arrangement? Are the benefits to flow only in favour of the developed country or will the benefits be shared? What are those mutual benefits? (2) Is profit-making the over-riding concern of the partnership? Are educational priorities kept in the forefront? Is the emphasis merely on importing books, computer hardware and software from developed countries and exporting 'educationists' abroad from developing countries? Or does the partnership focus on updating and restructuring the curriculum through an ongoing interaction and through an emphasis on global values? How do we ensure real benefits to the faculty members who are being sent abroad through various exchange programmes?

(3) What about the relevance factor? Does our collaborative venture result in planting a foreign university on Indian soil? Or will it result in the organic development of the local culture? How are the national and local priorities retained? (4) What about the access factor? Are only the affluent benefiting from the partnership? How is the access of the less privileged sections ensured? *These are some of the vital concerns with regard to globalisation in education. They could serve as a checklist for any collaborative venture with foreign universities.*

Prerequisites for Globalisation in Education

Apart from the above concerns, *certain prerequisites are a must if globalisation in education is to be truly effective.*

(1) **Emphasis on Quality of Manpower.** In the absence of minimum acceptance standards both in schools and in higher and professional education, India loses out on the quality of her manpower. Scientific manpower implies knowledge, skills and a scientific attitude. Our education system produces graduates with

at best a knowledge of science, but with neither skills nor a scientific attitude. In such a situation, India and other developing countries face an unequal competition in the global competitive market. The problem of quality manpower is further aggravated by the fact that top experts in India are drained away by international attractions and recognition. If the globalisation process is to work out to the advantage of Indian education, we must have a large number of experts in the various subjects to fall back upon.

(2) Cross-Country Accreditation and Recognition.

Globalisation will not bear fruit unless Indian institutions and their degrees are recognised and accredited by other countries. A small country like Malaysia recognises only the Indian IIT degrees and nothing else. Even Sri Lanka has not recognised Indian university degrees. This cross-country accreditation and degree recognition cannot be acquired by individual institutions and universities. It will need adequate diplomatic efforts. The Ministry of External Affairs has to play an active role in the globalisation of Indian education.

(3) Faculty Positions. If we open the pages of international journals, we find advertisements of senior positions on a global basis. It is not unusual for major British institutions to be headed by Canadian scholars, or US departments by a scholar from India or the Middle East. Is India ready to open up its senior institutional positions to global competition? Will those appointments be recognised and funded by local and central governments?

(4) Infrastructure Facilities. Even though the information super highways provide opportunities for the global transfer of knowledge, the developing countries are not yet properly equipped with the necessary exportable goods (knowledge) and vehicles (technologies) to use them. The outdated telecom facilities, high costs of connection, low levels of technological awareness and bureaucratic interference in using the technology may inhibit countries like India from participating actively in the global provision of distance education programmes.

(5) Selective Approach. *The international collaborative arrangements should be based on national priorities.* In

defining the rules of competition, the nation concerned should use its privilege of regulation to protect its national interest. This selective approach should strengthen the self-sustainability of institutions in developing countries.

(6) Value Addition. The local institutions, as partners in the international collaboration, can play an effective and crucial role only when they are capable of making a value addition to the process. This should be done through the adaptation/localisation of materials and services, the sensitisation of the processes to local cultures, etc. *This type of contribution will neutralise the possible dominance of resource rich nations.*

(7) State Intervention. The nation/state may have to intervene actively to minimise the distortions of the globalisation process. The state should subsidise and support the learners from the weaker sections of society to use the opportunities of globalisation by offering scholarships and incentives.

(8) Role of International Agencies. The international agencies can strengthen the competencies of the institutions in the developing countries so that they be enabled to cooperate with institutions in the developed countries on equal terms. International agencies should also develop norms and guidelines for globalisation in education to ensure the elimination of unfair competitive practices.

Positive Results of Globalisation

(1) Promotion of Research. In the process of globalisation, universities and education in general are not to play merely a reactive role, i.e. preparing people for a particular kind of world; but rather *a proactive role, i.e. helping to shape the preferred world of tomorrow.* Shaping the preferred world of the future is achieved through research, reflection and publication. Alvin Tofler's books were not just an attempt to foresee the future; they have helped shape it. In particular, universities should conduct research on viable economic and social models for the future – models combining freedom, democracy and social justice for individual countries and for the world community.

(2) Fostering Solidarity. *One of the most important results of globalisation is the fostering of human solidarity. Solidarity is the foundation stone upon which the whole structure of the future world rests. In fact, given the frightful weapons at our disposal, there seems no doubt that the survival of humankind depends on the ability of people who think differently to act together.*

Human solidarity is what will distinguish the third millennium from ages past. Solidarity is the belief that all humans in the North and South, East and West, belonging to different religions and races, are part of a single human family. They must prosper together or perish together. It is the antithesis of the narrow nationalism, racism, and religious exclusivism of the past.

Solidarity is an attitude that implies a consciousness of other people, of their needs and their dignity; a conviction that every human being is my brother or sister, leading to a feeling of being co-responsible for the future not only of my own country or community but of the whole world; *a real and active desire to share with others, so as to ensure the development of all.*

Solidarity is for all, rich and poor. It is an intellectual and spiritual attitude, fostered through the education of the mind, heart and conscience. Globalisation in education should result in the fostering of human solidarity among the student population through every means: the structure of their courses, the international nature of their student bodies and faculties, and the nature of the research they do.

Conclusion

Globalisation in education as in other fields is not an unmixed blessing. *It is not enough if we merely log on to foreign universities. We must also build the capacity to do so on our own terms. We should keep in mind Mahatma Gandhi's dictum: "I don't want my house to be walled on all sides and my windows stuffed. I want the culture of all lands to be blown about my house as freely as possible. But I refuse to be blown off my feet by any of them."*

13. GLOBALISATION AND PUBLIC HEALTH CARE

1. The Privatisation of Health Care

K. Balasubramaniam

Soon after Columbus 'discovered' America in the 15th century, the Spanish government sent in conquistadors to plunder South America and transfer its wealth to Europe. Similar transfers of wealth from all the poor countries of the South to the North are taking place today. But the conquistadors have been replaced by the structural adjustment programmes (SAPs) of the WB and IMF. *Their draconian policies have indeed resulted in the net transfer of US \$ 178 billion between 1984 and 1990 from poor countries to the commercial banks in the North.* This transfer was so outrageous that a former executive director of the WB described it as follows, "Not since the conquistadors plundered Latin America has the world experienced such a flow..."

In the present era of neo-colonialism, the world cannot be divided into the North and South or the First and Third Worlds. These are deceptively simplistic divisions. There are several thousands of so-called 'elites' in the Third World or South who think and behave as part of the First World or North and continue to exploit their own people by entering into collusion with the structures of neo-colonialism. On the other hand there are in the

This chapter contains various edited extracts of some articles of "Beyond PHC... Into the 21st Century, Linking People Across Asia", Link, Newsletter of Asian Community Health Action Network, Vol.14 No. 2, December 1996.

First World or North innumerable people including well-known intellectuals who have devoted their entire lives to campaigning for distributive development, social justice and for dismantling the structures of neo-colonialism.

Hunger is the single major cause of ill-health, suffering and death. As long as people are poor and go hungry, any discussion on health and health care is meaningless. *Poverty rather than any microbe or parasite is the key vector of ill-health and malnutrition. Poverty and hunger are not due to lack of resources but to unfair distribution of resources.* **The eradication of poverty and the provision of basic needs to all are essential pre-requisites for health.**

Effects of SAPs on Health

To the WB and IMF, SAPs mean economic growth and development. To the poor in developing countries the three letters SAP denote **Suffering And Poverty**. Since the adverse effects of SAPs on the economies of developing countries are well-known, let us focus on their impact on health.

A major feature of the immediate post-colonial period in Africa and Asia was that the state became the major instrument for social transformation through public sector reforms. Equity and social justice in social sectors like health, education and public distribution were, at least to some extent, landmarks during the period. Health was accepted both as a product and a contributor to economic and social development. The success of these activities is seen in the reduction in the infant mortality rates (IMR) in many African countries (Table 13.1). *IMR is universally accepted as a very sensitive indicator of the health and well-being of a nation. The 'debt war' declared by the WB/IMF on the African countries, in the short period of just five years, completely reversed the gains painstakingly made by these countries over a period of 15 years.* The IMR which had begun to decline in many African countries rose by 4 to 54% in the SAP period of five years between 1980 and 1985 in seven African countries (Table 13.1).

TABLE 13.1
Infant Mortality Rates in Seven African Countries
with WB/IMF SAPs

Country	Infant Mortality Rates			Percentage Change	
	1965	1980	1985	1965-80	1980-85
Ethiopia	165	146	168	-11.5	+ 15.1
Kenya	112	87	91	-22.3	+ 4.6
Madagascar	—	71	109	—	+ 3.5
Mali	200	154	174	-23.0	+ 26.5
Somalia	165	146	152	-11.5	+ 4.1
Tanzania	138	103	110	-25.4	+ 6.8
Uganda	121	97	108	-19.8	+ 1.3

* *Source*: Commonwealth Secretariat (1989); Engendering Adjustment for the 1990s, Commonwealth Secretariat Publications, London.

African countries under SAPs have experienced rising rates of ill-health and mortality among both the urban and rural poor. Diseases that had reportedly been eliminated such as yaws and yellow fever in Ghana have staged a comeback during the SAP regime. *Nutrition and food security are two major determinants of health.* A '10-Country Study' by UNICEF on the effects of SAPs on health concluded that the nutritional status of children had declined in 8 of those 10 countries. Between 1980-84 at the height of the adjustment period in Zambia, hospital deaths due to malnutrition increased from 2 to 6% in the 0-11 month age group and from 38 to 62% in the 1 to 4 year age group. In a 1987 survey in the University Teaching Hospital in Lusaka, almost 60% of the child admissions were from the low-income areas of the city and 37% suffered from malnutrition.

SAPs have led to food scarcity in several African countries where food crop production is the occupation of the majority of the peasants, particularly women farmers, and provides for a substantial part of rural food security. There are no incentives for

food crop production. The major policy tools of SAPs are designed to raise producer prices of export crops to stimulate production but the poor rural households which produce food crops are not benefited by these policy measures.

Removal of food subsidies causes a real increase in food prices. In Mozambique for example, the removal of food subsidies caused a 400-600% increase in food prices. In January 1989 the cost of 1 kilogram of tomatoes was equal to the absurd figure of 5% of an office worker's wage. Low-income earners spent up-to 80% of their income on food. A study revealed that the mid-1980 average wage in Ghana was sufficient to buy only 30% of the food needs.

Why Do Countries Privatisise Health?

Developing countries are in the process of privatising health care services for two reasons. Firstly, impoverished and heavily indebted countries in Africa, South Asia and Latin America have been pressurised by the WB/IMF to remove subsidies on social sectors such as health and introduce privatisation as a precondition for further loans. These countries need loans urgently and have no alternative but to introduce privatisation.

Secondly, more affluent developing countries are privatising health as a component of a broader government policy of a greater role for the private sector in national development, and to meet the demands of consumers who have more spending money. The Malaysian Minister of Health for example described his government's vision of future health care financing as follows: "The current per capita income of US \$ 2,520 is considered not high enough to embark on a privatisation exercise in health care in an aggressive manner. According to our planning however, the country is expected to privatise its hospitals in the next 5 to 10 years when the per capita income is forecast to reach a comfortable level."

This argument seems to be flawed since what determines market access to health care is not the overall average per capita income but how it is distributed among the population. The best example that a high average per capita GNP will not ensure market access to health care to all the people is the US with a per capita GNP of \$ 21,790. In the US, more than 35 million Americans are

uninsured and 60 million more are underinsured. Tens of millions are frozen into their jobs in order to retain existing benefits, and many cancer survivors, diabetics, AIDS patients, and others are classified as 'uninsurable'.

Charging user-fees in the public sector health services is one of the policy measures demanded by the WB/IMF under the SAPs. *Fee charging or cost recovery is said to improve the quality of services and the provision of drugs. There is no evidence that charging user fees does either. But it certainly reduces accessibility, particularly to the low-income groups.* It is also well-known that charging such fees creates perverse incentives. Consciously or unconsciously doctors are very likely to maximise services such as additional diagnostic or therapeutic procedure, elective surgery and expensive pharmaceuticals.

Health Care as a Marketable Commodity

SAPs underscore a greater role for market forces in the production and distribution of health care services. In the market economy, health care is converted into a lucrative trade. The system allows the health care industry to own and market this commodity. But conditions for efficient market allocation are not met within the health care market. For example, health care users are not fully informed of their health needs or the comparative evaluation of different methods of managing them. They may not, therefore, demand health care when it is needed. Or they may not, when they demand it, make an appropriate and informed choice between the various providers in the market. Hence, the health care market cannot generate efficient production and distribution without substantial government intervention.

Market competition and the associated devices are not an acceptable substitute for the careful public planning needed to allocate scarce resources within the health care services. *Medicine that serves the demand of the few and follows its own commercial interests is a major obstacle to achieving the accepted goal of the international community – "Health for All by the Year 2000".* It is also relevant to note that the capitalist economies of Western Europe have by and large maintained health in the public domain. Allocating about 6% of their GDP to health, these

countries have a much superior health status than the US, where health care is privatised and the country spends almost 14% of its GDP on health. The British Medical Association which opposed the introduction of National Health Services in 1947, now opposes the privatisation of health.

The Alma Ata Declaration

In September 1978, the World Health Organisation (WHO) in collaboration with the United Nations Children's Fund (UNICEF) organised an international Conference on Primary Health Care in Alma Ata, USSR. The participants noted with great concern the deteriorating health status of vast sections of people and expressed the need for urgent action by all governments, all health and development workers and the world community to protect and promote the health of all people. The Conference concluded with the Declaration **"Health for All by the Year 2000"**. *This Declaration proclaimed that Primary Health Care (PHC) was the key to achieve Health for All by 2000.*

Primary Health Care was defined as follows: *"PHC is essential care, based on practical, scientifically sound and socially acceptable methods and technology, made universally accessible to individuals and families in the community through their full participation and at a cost that the community and country can afford to maintain at every stage of their development in a spirit of self-reliance and self-determination. It forms an integral part both of the country's health system of which it is the central function and the main focus, and of the overall social and economic development of the community. It is the first level of contact of individuals, the family and the community with the national health system, bringing health care as close as possible to where people live and work."*

Perhaps the particular section of the above statement which made PHC a non-starter was, *"It forms part of the overall social and economic development of the community"*. This statement was based on the enormous amount of both historical and contemporary evidence that major long-term improvements in health and survival are not, to any large extent, determined by medical care or specific health intervention. On the contrary, far-

reaching improvements in health result from social, economic and political changes. These changes lead a community or nation to an improved standard of living, fairer distribution of resources, more adequate returns for the work people do and a fuller assurance that the basic needs of all people will be met. **This overall concept of PHC implies a very fundamental social revolution.**

Linking the entire health services system with the social and economic development of a country is crucial. The universal acceptance of the PHC philosophy at Alma Ata can be considered the climax of WHO's efforts at health services development. *It seeks to virtually overturn the entire health services system to ensure that medical technology subserves the community*, and that the distortions brought about by powerful market forces, undue professional dominance and obsession with technology are corrected. It also advocates an inter-sectoral approach, the integration of health services and the restructuring of the support structure to strengthen health work at the community level. *Health for All by 2000* moreover focused on the social control of medical technology. This meant involvement of the people in the policy formulation, planning, programming and implementation of health services relevant to their needs and practices and offering them assistance only when their systems were unable to deal with their health problems. It is implied that the health services would be subservient to the needs of the people, who would have a major say in the shaping of these services. As a consequence of this, it was recognized at Alma Ata that health services must be considered along with other health-related services, and that health services must be developed in an integrated form, combining curative, preventive, promotive and rehabilitative services. Also, to cover the entire population, it is necessary to develop people-oriented technologies.¹

The Betrayal of Primary Health Care

The WHO's "Progress in Primary Health Care: A Situation Report", published in 1983, brought together valuable information from 70 countries containing 64% of the world population. It highlighted the extent of the tragedy measured in human suffering

and death. * Half a million mothers die during childbirth each year in South-East Asia and Africa. * 122 million infants are born each year. Of these about 10% or over 12 million infants will die before their first birthday. A further 5 million or 4% will die before their fifth birthday.

This human tragedy could have been prevented by PHC. Dr. Hafden Mahler, former Director-General of WHO, declared in 1983: *"PHC as conceived in Alma Ata failed because of doctors – too many doctors – and because doctors practice inappropriate medicine. The health of millions may be at risk because of doctors. Doctors may be one of the main factors holding back progress in the health of poor countries."*

In 1988, the UNICEF's "State of the World's Children" stated: "The 1980s is 'the decade of despair'. Both in underdeveloped countries and in the US the gap between rich and poor is widening. Progress towards the international goal of Health for All has virtually stopped and in many countries has been reversed. For the world's poorest people, average incomes have dropped by 10-25%. More than 1 billion people – one out of every five – live in a state of absolute poverty. In the 37 poorest countries, spending on health has been reduced by 50% and on education by 25%. In over 50 countries primary school enrollment has been falling."

An article in an issue of WHO's World Health Forum added, *"The prospects for achieving Health For All by the year 2000 have seemingly dimmed in the face of deteriorating world economic conditions."* Another article posed the question, "What is the international climate of support for Health For All?" The answer given was, "All too often, it is ice-cold".

The 1993 World Development Report of the WB highlights the following health issues:

- The poor lack access to basic health services and receive low-quality care. Government spending for health goes disproportionately to the affluent in the form of low-cost care in sophisticated public hospitals and subsidies to private and public insurance.
- In middle income countries, the bulk of the population,

especially the poor, rely heavily on out-of-pocket payments for health care services.

- Public money is spent in health interventions of low-cost effectiveness while critical and highly cost-effective interventions remain underfunded. In some countries a single teaching hospital can absorb 20% or more of the budget, even though almost all cost-effective interventions are best delivered at lower levels.
- Much of the money spent on health is wasted: brand name pharmaceuticals are purchased instead of generic drugs, health workers are badly deployed and supervised and hospital beds are under-utilised.

A holistic integrated approach to health demands urgent and equal attention to the economic, social and political rights of people. Adequate nutrition and food security are two major determinants of health. An appropriate health policy should necessarily contain elements that guarantee the satisfaction of basic needs, including food needs, of everyone. *Is this a possibility or just a utopian dream? The good news is that this is indeed possible and, more importantly, even the poorest countries have sufficient resources to formulate and implement such a policy. PHC as originally outlined in the Alma Ata Declaration is the key to Health for All. It was based on success stories of countries with limited material resources which have achieved considerable improvements in the health of all their people.* The primary care gains in Mozambique in the early years of its independence is a very good example. Sri Lanka, China and Kerala in India have clearly shown that national health policies based on equity and social justice can achieve health for all at low cost. The central thrust of PHC is equity and social justice.

Challenges to NGOs

There was a feeling of great joy and enthusiasm among NGOs soon after the Alma Ata Declaration. They believed that they had a viable blueprint for Health for All. The immediate task before them was to mount a global campaign to promote PHC. Unfortunately, even before the euphoria associated with the Declaration wore off, attempts were made to strangle PHC.

Powerful forces, especially the SAPs inflicted by the WB/IMF, began to attack PHC from all sides to kill it. There is therefore an urgent need at the national and international levels for a new approach to mobilise the interest, commitments and resources of a broader constituency of support for the poor. It is quite clear that the current approaches have failed. There is a need to move with different partners, to find different sources of support and to use different mechanisms to bring all possible pressures to bear on the problem.

A new and interesting development is taking place all over the world. Socially conscious people from different walks of life, disillusioned with the apathy of their government and international agencies in tackling urgent problems, are organising at the grassroots level to plan and implement development strategies to improve the lot of the underprivileged. Substantial contributions to health and well-being have already been made by this non-governmental sector. More importantly these programmes are all sustainable. The major thrust of these is to alleviate poverty by empowering people to improve their lives.

Literally thousands of socially-oriented indigenous groups exist in the South. All these groups provide some form of PHC to vast numbers of people who have no other source of help. These groups are waiting for additional ways and means to apply their energies and leadership. Social and political activism is not new, but it can be put into new use at the local, national, regional and international levels. *This will enable concerned individuals and groups to bring their views and the power of the people to bear on ineffective, misguided and exploitative officials and agencies.*

2. The Indian Scene Today

Cherian Thomas

With the new economic policy in place, the Indian government has begun to cut back its subsidy on health. Its primary health centres, which were already understaffed and poorly equipped, are not able to deliver satisfactory care to the rural poor.

Simultaneously, the increasing privatisation of health care has led to the mushrooming of private clinics and private hospitals.

The resultant escalating cost of health services has further rendered them inaccessible to the poor. A recent survey was conducted by the NCAER on the utilisation of health services by 6,000 rural and 12,000 urban households. It showed that two-thirds of both rural and urban households utilised private health care and only one-third utilised government services. The burden is felt most by the poor. The poor spend 8-10% of their annual income on health care whereas the rich spend only 2%. With their emphasis on low-cost care, hospitals run by charitable institutions are ideally placed to be a third force to provide wholistic, compassionate care to those who need it the most.

The scene today is alarming. Tuberculosis has re-emerged with a vengeance. 14 million Indians are already affected with TB and 2.2 million new cases occur each year with about half a million deaths. Malaria epidemics have killed thousands in Rajasthan, Orissa and Assam. 2-3 million are estimated to have the HIV virus and more than 200,000 have died of AIDS.

3. The Need for a PHC People's Movement

Prem Chandran John

While the SAP has been gathering momentum, what has been the response of the NGO sector? From all accounts, our response has been negligible, in fact non-existent, mainly because we remain ignorant or choose to be ignorant of this rising challenge. The NGOs have been on a "business-as-usual" approach, going on as if nothing has changed. They say in self-defence, "What can we do against global forces? What can we do against the WB?" The problem seems to be too big and therefore unsolvable. The NGOs must therefore take stock of themselves and recognise two facts. First, they are incapable of participating in the transformatory processes of the people given their present decision-making procedures, systems, structures and resources.

Second, whatever they can achieve can only be done in partnership with the people, with whom they have had an unequal and often uneasy partnership in the past.

This is the basic issue: Is PHC a people's movement? *This question is based on two premises. One is that people's health should be in people's hands, and not in the hands of professionals as it has unfortunately been till now. The other premise is that people's power should be harnessed and maximised. A "movement" may be defined as a 'consciously propagated, organised action on a mass scale focused around a central issue'. We should recognise that any movement, be it political like the Jharkhand movement, or ecological like the Narmada movement or social like the Dalit or women's movement, needs three operative factors: (i) a clear and just issue; (ii) an informed, sensitive and dynamic leadership capable of visualising the future and facilitating the movement; and (iii) some appropriate methods that would raise people's enthusiasm, build people's power and channel people's resources in a sustained manner to achieve the objectives of the movement.*

The political capacity to reform the social order and to achieve social goals can come from above, i.e. through a people-responsive government, that would possess three elements: 1) a coherent, stable and national leadership that allows for the clarification, prioritisation and implementation of goals; 2) a clear pro-lower-class ideology that gives the government the legitimate authority to pursue goals beneficial to the poor; and 3) an organisational ability to go to the people and penetrate the countryside without being captured by vested interests. *Unfortunately, successive governments since independence have followed upper-class and often upper-caste policies (always with pro-poor rhetoric). In the words of Myrdal, they were "soft-states" showing a great gap between the promises made and the actions undertaken.*

In a situation like this, the NGOs can play a significant role. They should stop belonging to the silent majority and take a more active 'political' role, individually and organisationally. They should also recognise that the present problems and the solutions proposed by the ruling classes are "class-based". **They must**

therefore go directly to the people and start empowering them. *It is not as difficult, hopeless or far-fetched as it may appear. The recent history of the world is indeed replete with instances of people's power overthrowing structures thought to be unassailable. The precedents are there and are hope-giving ones.* **Whichever movement has been successful, has been built on the bedrock of the people and their inherent capacity to break free.** In a process like this the role of the NGOs is only facilitatory, yet crucial. To be catalysts, they have to set their own house in order. This requires, on the one hand, enormous humility to accept that they have been less than adequate so far, and on the other, the capacity to refashion their systems and structures in a manner that would promote people's power. *The task at hand is to build up a critical mass of enlightened young people capable of unleashing the dormant energies of the marginalised and forlorn.* This task becomes all the more urgent as we prepare to face the uncertain future of the third millennium.

14. WOMEN AND TRIBALS UNDER GLOBALISATION

1. Impact of Globalisation on Women

The new economic policy and its continuing reforms are based on the principle that capital should be facilitated to make maximum profits. This will lead to an increase in investment from internal and external sources and to a higher rate of growth. *The promise is that this growth will be in the interest of all, and that the benefits will trickle down to the poorest sections of society.* I wonder whether this would ever happen. **The poor in this country are becoming poorer and the rich continue to become richer...**¹

Structural adjustment refers to the restructuring of the economy in accordance with certain long-term goals, and should be distinguished from short-term stabilisation attempts. The Indian SAP gives greater primacy to unfettered market forces to make the country more competitive externally. *But in a country like India these cannot and should not be the only or major goals of structural adjustment.* Instead the focus should be on the provision of basic needs and services to the entire population, the improvement of overall productivity levels and the decentralisation of economic and political decision-making.²

Women have a special role/position in production, consumption and asset distribution. **But it is not widely recognised that macro-economic policies have specific gender effects** (a different impact on men and women, even within the same

This chapter presents some enlightening reflections on the impact of liberalisation and globalisation on women and tribals. The references are given in the **Notes**.

economic class) that emerge because of the existing patriarchal structures of power which get heightened by the economic process. *Since 1991, existing inequalities in India have been exacerbated by supposedly gender-neutral policies which in reality have a worse impact on women.*³

This market-oriented approach has both short-term and long-term implications for women in general, and less privileged women in particular. The impact can broadly be viewed to affect the following areas: women's access to basic needs for survival including most obviously food and shelter; their access to crucial services such as adequate health facilities and education; the provision of social services which share the numerous tasks involved in reproduction, nurture of the young and provisioning for household-based work; and the availability of outside employment which goes beyond paid drudgery and allows for the development and use of skills. *There are already some clear indications of the negative implications of market-oriented SAPS for Indian women.*⁴

The supremacy of the market has led to increasing consumerism and materialism and a corresponding boom in the visual media, which are contributing to a more indecent representation and further commodification of women. The restructuring of industry has led to women losing their jobs and a large number of them being forced to take up informal, low-paid and insecure work. The rights of women and other marginalised sections of the population are being negated in the interests of capital. There is a decline in the budget for health and education and an increase in defence spending.⁵

The government of India has admitted that with the adoption of SAPs, **there is a feminisation of poverty**, at least in the current phase of reforms.

What is exactly meant by this term? **The feminisation of poverty virtually means that many more of the poor are women. The marginalisation of women is further increasing.** What are the concrete implications of this phenomenon? *In a country like India where at least one-third*

of the rural households are women-headed (in fact the figure may be 40%), the further feminisation of poverty will have direct consequences on the survival of these families. The productive resources get further concentrated in the hands of a few. Add to this the threat to food security, the end of subsidies and the increasing unemployment, and the picture becomes clearer. The experience of SAPs in all other countries has been manifested in two major indices: the increase of prostitution and the increase in the rate of infant mortality. Today in India both stare us in the face. The Sample Registration Survey data show that the rate of child mortality is on the increase. Further, nearly a quarter of those being forced to sell their bodies are children.⁶

2. Impact of SAPs on Women⁷

When we speak of the "poorest of the poor", we are almost always speaking of women. Poor men in the developing world have even poorer wives and children. And there is no doubt that recession, the debt crisis and SAPs have placed the heaviest burden on poor women, who earn less, own less and control less.

In societies the world over, women are both producers and carers. They care for children, for old people, the sick, the handicapped, and others who cannot look after themselves. They look after food, cleanliness, clothing, water and fuel in the household. As long as these jobs are done by women, they are not assigned any economic value, and their expansion is therefore taken for granted in times of economic adjustment. When food prices rise and wages fall, a woman must spend more time finding ways to satisfy her family's hunger, travelling further to cheaper shops or markets, preparing cheaper food and often eating less herself in order to feed her husband and children. Thus, when as a result of the economic crisis and adjustment policies, government and local health and education expenditures are reduced, the first victim is the poor woman.

At the UN Interregional Seminar, it was pointed out that pre-existing inequalities have caused the crisis to have a stronger impact on certain groups of women. For example, women

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sometimes work in sectors that are especially vulnerable to the crisis. In certain societies they may already have reduced access to education because it is thought more useful and economically justifiable to educate boys. Elsewhere, women eat less because they feed husbands and sons first. However, the general lack of statistics makes it difficult to assess the exact impact of the crisis upon various groups of women.

3. Ecofeminism Resists Globalisation⁸

Ecofeminism, "a new term for an ancient wisdom", grew out of various social movements – the feminist, peace and ecology movements – in the late 1970s and early 1980s. *Ecofeminism is the movement and philosophy which combines the emancipation of women and the emancipation of nature and non-human species.* It also frees men from patriarchal structures in which power is experienced as domination over "women and lesser species", rather than as power to be free of domination – of dominating or being dominated.

Globalisation has brought a clash between production for local livelihoods and local needs, and production for exports and global greed. **Ecofeminism is therefore emerging as a resistance to globalisation, to the trading away of vital resources, to violence and cruelty against animals, and as a right to safe and adequate food.**

Over the past few decades, ecofeminism has emerged as a pluralistic, bottom-up movement across the world – in the villages of Garhwal when women organised themselves into the Chipko movement; in the houses in Love Canal, where housewives organised themselves to deal with toxic wastes that had caused an epidemic of cancer; in Europe after the Chernobyl disaster; and in the Pacific Islands to oppose nuclear testing. It is emerging in contemporary India in the coastal regions where women resist industrial aquaculture singing, "Rise, daughter of the Earth, your mother is being raped." In Gopalpur in Orissa, women have established a little republic to save their local ecology and livelihoods from the threat of a steel plant – "We will die, but will not leave this land."

Ecofeminism offers an ecological and feminist alternative to the values and instruments of capitalist patriarchy which puts the rights of capital above those of nature and people; which treats the provision of sustenance as "unproductive" and rewards destruction and violence as the highest forms of productivity and creativity.

The Poor Look at the Foreign Debt⁹

"And we, the housewives, ask ourselves: What have we done to incur this foreign debt? Is it possible that our children have eaten too much? Is it possible that our children have studied in the best colleges? Or do they wear the best clothes? Have we improved our standard of living? Have our wages become so great? Together we say: No, no, we have not eaten too much. No, we have not dressed any better. We do not have medical assistance. Then to whom have the benefits gone? Why are we the ones who have to pay for this debt?"

Dominga de Velasquez, speaking on behalf of the women of the Amas de Casa of La Paz, Bolivia

4. An Example of Tribal Exploitation and Resistance¹⁰

The Case of Mavalibhata in Bastar, M.P.

Mavalibhata is located about 35 kms from Jagdalpur on the way to Bailadila in Bastar, M.P. Like countless other tribal habitations it is lost in its small world. Education is almost nil, notwithstanding the existence of a school for years. Even though they are living close to an important highway, the local inhabitants – the *Dandamis* – are leading a happy life behind the impregnable wall of language. By nature, they are volatile, simple and joyful. They have no peer in social solidarity.

One evening of December 1991, everything changed for this small village. Mavalibhata and five neighbouring villages (Burungpal, Durram, Patharli, Uduwa and Katakanda) were caught in a whirl. The government officials told them that a steel plant

with an investment of Rs 4,000 crore would be established there. About 5,000 acres of land would be acquired for the purpose. All the five villages would have to move out. The people were shaken by the unanswered question – "Where will we go?" The government's reply was dry – "You will get compensation. You can go wherever you can find land." Their silent reaction was, "What will we do with money? Our deities, sacred places, *gata kalk* (burial stones), all that we can call ours is here." "Why not establish the plant where the government wants us to go?", was their simple logic.

But no one listened to them. The government remained unmoved. On October 6, 1992 the Chief Minister laid the foundation stone under heavy police *bandobast*. The elite of the district and the state were jubilant. All political parties of the "right" and the "left" were overwhelmed by the grand procession of development in Bastar. But amidst this flurry of hope and joy, the approach roads to their villages were dug and stone walls were erected by the *Dandamis*. The foundation stone was reduced to rubble and thrown away with utter contempt. "Let's see who dares to come on our sacred land. *Katenge par hatenge nahin* (We will get killed but not move!)."

The Resolve of the Mavalibhata People

The state government has extended an invitation to industrialists to establish large industries based on local resources. It was in pursuance of this policy that S.M. Dichem has been offered thousands of acres of land in the Mavalibhata region and the foundation stone of a steel plant was laid on October 6, 1992. The Chief Minister also declared that two more plants will be started very soon. There has been some talk of a steel plant in the Nagarnar area for quite some time. There is no information about other industries and their likely location so far. Some smaller industrial

This "Resolve" was presented to the local administration on October 15, 1992 by the "Village Rule Movement" of the Mavalibhata Region.

units have come up in recent years on the Jagdalpur-Dantewara highway.

We, the people of Mavalibhata, Nagarnar and the surrounding areas, are extremely concerned about the government's policy and its attitude and behaviour towards the people. There is anger about the same. The public opinion has been treated with contempt while establishing industries on the Jagdalpur-Dantewara Road. The people are destined to be ruined. The government has paid no attention to these aspects. The foundation stone has been laid in Mavalibhata without any prior intimation of significance. There was no dialogue with the people about their future. A bolt from the blue has struck the people. It also appears that some secret processes are going on about the other steel plant in spite of the stiff opposition of the people of Nagarnar. They may face a similar catastrophe any day all of a sudden.

We want to forewarn the government that its policy and premises about the use of natural resources are totally unacceptable to the people here. *All natural resources including land-water-forest, from which we have been making a living for ages, belong to us.* We have the natural right to use the same. This right has also been enshrined in our Constitution. The government has no right – constitutional or moral – to take away our resources. The state cannot put those resources to any alternative use without the people's prior consent.

A vast majority of people living in this region belong to scheduled tribes. Their level of education even after 45 years of independence is negligible. *Our life is totally dependent on land and forest. All those laws are unacceptable to us, under which the government can acquire our land after payment of compensation and can remove us from our villages without even asking us.* The Constitution has placed the responsibility of protecting us on the Central and state governments, the Governor and the President. We are sorry that the state government has not discharged this responsibility. On the contrary, it has no qualms in dispossessing us from our resources, even our homes and hearths.

that too using laws that are unconstitutional and violative of human rights. We are pressurised through threats that we have to move out, voluntarily or not. We reject this threat. If such pressures continue, the people's reactions may become unrestrained. The responsibility for any consequences will be that of the government.

We have decided that Mother-Earth is not a saleable commodity. Any talk of compensation is unacceptable to us. The service of the industrialist is a slavery which is against our honour. It is clear that once we move out of our homes and hearths, nothing but destitution will be our fate. Therefore we are not prepared to leave our land and our village at any cost. "*Katenge par hatenge nahin*" ("*We will get killed but not move out.*") is our resolve. We are prepared to sacrifice all that is ours, our life itself, for defending **our basic human right, the right to life with dignity.**

The question now facing us is one of life-and-death. We are not prepared for any negotiations, or even a dialogue of any sort in this regard with the government or anyone else. No one is authorised on our behalf for any dialogue with the government notwithstanding his office or status --*Patel* or *manjhi*, sarpanch or MLA, MP or minister. We will also expect that no official visiting our village will even broach the issue. Let no one dare to attempt misleading our simple people.

We would also wish to forewarn all enterprises through you that they should not make any schemes on the strength of any promise or even formal orders of the government. *Gram-Swaraj* has been promulgated in our village in keeping with the spirit of our Constitution. *Our resources cannot be put to any alternative use without the consent of our village community.* If any work is done in disregard of the people's will, the consequences will be drastic. And the responsibility will be theirs!

We are root-cutters, we are *Dandamis*! The village is ours, the *Raj* is ours!! We will not surrender our life to anyone!!!

The Mavalibhata Declaration of People's Rights

We, the people of Mavalibhata, Mardum and Nagarnar areas and the representatives of people's organisations all over the country, resolve the following:

* We will intensify our struggles for basic changes in the institutional structure and national laws and for the establishment of a new order in which the people will enjoy undisputed rights over resources. They will be partners in development; every one will have a place of honour in the new economy and the right to life with dignity of every citizen will be non-violable.

* *Only those enterprises which agree to accept community control will be allowed to be established in our respective areas.* Under this arrangement, there will be a provision for majority shares in the name of the local community. This provision will not be because of the community's monetary contribution but in lieu of its real contribution by way of cooperation and consent for the use of those resources by the enterprise, over which the community has enjoyed full control through the ages and which have provided the community and its members with sustenance in all aspects of their life. Other partners in the enterprise will be those who invest capital and all categories of workers. In case it becomes necessary to change the structure of an enterprise, the government should accept the claim of the community and hand over the enterprise to its rightful owner. This form of share-holding by the community will not compromise in any way the claims of the displaced and the affected individuals for compensation and honourable resettlement.

* **We will struggle for ending the anti-people and inhuman situation in the tribal areas and for creating an alternative equitable order** by suitably changing the law and, if necessary, also by amending the Constitution. *In the new system, i) the gaon sabha (village assembly) will be fully responsible for all the affairs of the village, and villages will function as self-*

This declaration was made on December 5, 1992. We give only a few extracts of this document.

governing units of participatory democracy; and ii) Regional Councils will be established for larger tribal tracts. They will be endowed with legislative and executive powers. The jurisdiction of these Regional Councils, wherever necessary, may cut across the present administrative boundaries.

* The people of Mavalibhata are faced today with a question of life and death. *The people have resolved to defend their right to life and not to move out of their village. All of us are fully with the people in this struggle. If the vested interests or the administration resort to oppressive measures, we will stand by the people of Mavalibhata and together we will give a fitting reply to the intruders.*

* We repeat our resolve. **We will intensify our struggle for changing the anti-people laws and for the establishment of the most fundamental of all rights, the right to life with dignity.** We will take the struggle to its logical end. We call upon all progressive forces in the country to extend all possible support, physical and financial, to this crucial struggle in Bastar for the upholding of people's rights.

15. CHALLENGING RESPONSES TO GLOBALISATION

1. The Grassroots Democratic Struggle

Vandana Shiva

“While the international financial and trade organisations push the government into a blind and indiscriminate experiment with globalisation, *the Indian people are responding with a new politics of ‘localisation’*. *They are engaging in an enlightened response to put globalisation in its ecological and social context*. In region after region, where foreign investment is diverting local resources from survival needs of local people to the limitless appetite of global markets, people are putting investment to the test of ecological and social accountability. *They are also (reinterpreting) the principles of governance on the basis of decentralised democracy...* Superstate institutions (serve) the one-sided interest of commerce beyond the democratic control of people. As the state withdraws from environmental and social regulation in the ‘free-trade’ era, local communities are getting organised to regulate commercial activity by asserting their environmental rights to natural resources – land, water and biodiversity – and their democratic rights to decide how these resources are used. *They are redefining democracy in terms of people’s decisions in their everyday lives.*”

“This trend towards localisation has, in fact, been born along with the trend towards globalisation. If globalisation is the corporate agenda for corporate control, *localisation is the citizens’ agenda for protecting the environment and people’s survival and*

These thought-provoking passages were selected by John Destrochers to inspire and orient our social action. They are slightly edited

livelihood. In the absence of regulation by national governments, citizens are creating a new politics for introducing ecological limits and social responsibility in the process of globalisation.’

‘Movements for localisation are giving rise to a new people’s protectionism which is different from the old protectionism in the sense that power and authority to make environmental and economic decisions move from centralised states to structures of self-governance at the local level, and citizens and community organisations decide which roles and functions the state should have.’

‘Local communities are raising a common voice: ‘We will decide the pattern of investment and development. We will determine the ownership and use of our natural resources.’ As this message resonates in village after village, from one investment site to another, *a new environmental philosophy based on democratic decentralisation of control over natural resources is emerging*. The pressure of the people is forcing the government to remember its role as protector of the public interest and the country’s natural and cultural heritage, not merely the interests of foreign investors. The tendency towards localisation and deepening of democracy is aimed at taming the excesses of globalisation... *Localisation is emerging as an antidote to globalisation and to unrestrained commercial greed*. The challenge before us is to build on these movements for localisation to bring substance into the Panchayati Raj by establishing community control over natural resources and over the economy.’ **In the age of globalisation, we must all strive and struggle for this more relevant and decentralised democracy.**¹

2. Alternatives and Change Agents

Gabriele Dietrich

To identify viable alternatives, one must understand that the root causes of today’s predicament lie in the devastating ‘development’ concept based on industrialism and wasteful growth, and spread by colonialism, capitalism and even traditional socialism. Globalisation continues today the

colonisation of the poor, women and nature as an integral part of this 'development'. *We must therefore "defend the survival rights of women, dalits, tribals, workers in the unorganised and organised sectors, and human rights as well as the rights of nature... (Concrete measures include) curtailing luxury production and consumption, reducing military expenditure, curbing black money and interest rates, and enhancing direct taxation of the rich. Debt servicing can be deferred or refused. Maximum attention needs to be given to the survival rights of the 42% below the poverty line and the other 40% just above it. Land reforms, decentralised resource control, regeneration of soil and water as well as rights to housing, work, education and health are high priorities."*

Who can be the forces of intervention? *"Alliances may be emerging between different affected sections, e.g. even the working class in the organised sector cannot be complacent on the face of the Exit Policy. The movement towards workers' take-over of sick industries is of great significance. The expansion of unions in the unorganised sector will be very important, especially unions for contract labourers and women in home-production."* The organised and unorganised sectors, women and male workers should not be pitted against each other. *"The needs of women and other weaker sections (must) get full organisational representation. Environment, Peasant, Dalit and Women's Movements must integrate their demands... Consumer Movements should protest against luxury consumption, decontrol of drug prices and privatisation of transport."*² *For their part, the NGOs must build up a new vision, rethink their role and struggle for the survival and rights of the poor.*³ *"The policy of globalisation will have to be opposed not in mere ideological terms but concretely and directly in its manifestations. The defence of the livelihoods and standards of living of the toiling masses is a major task. This will include struggles against retrenchments, against closures, to preserve traditional occupations, to create new livelihood opportunities, to gain access to common properties, to make available social security and welfare measures."*⁴

3. New Challenges for Social Action

VAK Report⁵

With the onslaught of globalisation, the state is becoming more a repressive apparatus than a policy making body. For the marginalised strata of society, globalisation has meant the withdrawal of the state from welfare and its primary duty of defending the weaker sections. They have thus lost the little protection they had and are left to fend for themselves. Hundreds of millions lack proper food, health care, education and even clean drinking water. While the state is busy helping capital earn more and more profits, and providing industries with a subsidised infrastructure, the resources of the marginalised sections (land, water and forests) are being plundered by global capital and the national elite. Any meaningful social action must take this into account. Social action should not be restricted to welfare and constructive work. The duties of the state cannot be taken over by voluntary groups whose meager resources can match neither the resources of the state nor what the situation requires. We should not merely dress the wounds without addressing the causes and forces which inflict these wounds. In fact the state and global capital will be only too happy if some institutions or voluntary groups take over the role of welfare which they no more want to perform. **Instead of being disaster management organisations, we must bring about the empowerment of the marginalised strata.** *Welfare and constructive activities alone will not check the forces of globalisation which are the cause of the increased marginalisation of the dalits, adivasis, women and toiling masses.* The NGOs should not be co-opted by the state and the ruling elites.

We should not continue the traditional NGO approach. *We must rather adopt a direct political approach. We need a political perspective which integrates the political-economic perspective and the caste-class-gender perspective.* It is necessary to analyse the character of the Indian state and denounce the game of the ruling classes. Social action groups and NGOs tend to be issue-based. Often such organisations lack a general perspective and even fall prey to communal and fundamentalist forces. We must reach out to the existing NGOs and social action groups and

their numerous activists, and help them develop a proper perspective and orientation.

While intervening in grassroots issues, we should link them to the general perspective. In today's situation, this means mobilising the victims of globalisation and building a solidarity movement to protect people's basic resources. Without this proper understanding and vision, the marginalised strata tend to restrict their actions to local areas and limited demands. Their struggles are too diffused and therefore fail to effectively oppose globalisation. Thus, any meaningful social action has to intervene in localised struggles to ensure people's control over resources like land, water and employment. **Our interventions must however link the issues and demands of the local movement to the general movement for establishing people's rights over land, water and employment.** They must make people aware of the tragic impact of globalisation and build community based resistance.

In today's globalising scenario, advocacy risks to fall on the deaf ears of a state whose capacity to take policy decisions has been greatly reduced. *Therefore, people's mobilisation and solidarity with their struggles must now play the decisive role.* It should finally be noted that Panchayats, in spite of their many limitations, can be strengthened and used as an effective instrument to oppose changing land-use patterns and environmental degradation and to build a people's movement.

4. The Developmental Role of NGOs Today⁶

Aloysius P. Fernandez

During the first 30-35 years of independence, socialism had institutionalised a degree of compassion in the official system – call it reservation, or investment in a large number of anti-poverty programmes and public sector enterprises where the profit motive was not the only driving factor. Since the 1980s however, the Indian state has been rapidly abdicating its role as the prime mover of economic growth as well as the principal dispenser of social justice. Liberalisation has removed any sense of guilt that may have lingered on in the conscience of the country's politicians and administrators. By increasing competition, it has also made

the already poor and disadvantaged even more vulnerable. NGOs thus face stiff challenges at all levels of society, and will have a major role to play in transforming this competitive ethos into one of compassion.

To help the poor to use the possibilities created by liberalisation, Myrada (an NGO working in South India) approached the corporate sector for a collaboration. While industry looked after the supply, design and marketing of materials, Myrada provided the support required to identify poor women willing to be trained and to work; it provided space and facilities for training and production; and it organised women into co-operatives to manage their economic activity. This collaboration has been successful in many ventures: Titan watch straps are assembled, uniforms are collected and laundered and several other ancillary products are now produced by poor women who, without this intervention, would not have had the opportunity to enter the spaces provided by liberalisation. *This is a role that NGOs will increasingly have to play if the efforts of the poor to shift from on-farm to off-farm income-generating activities are to take off and gain momentum.*

New financial institutions like the local area banks will compete with the commercial banks but they will not respond to the need for credit by the poor. *NGOs thus have a serious obligation to ensure that the poor have access to credit.* The self-help group (SHG) strategy and the change in the norms of the Reserve Bank of India and the National Bank for Rural Development (NABARD) allowing banks to lend directly to SHGs, support this strategy. But this change from individual lending to group credit cannot come about easily. The ability to assess an institution like SHG has to be acquired through training and a reorientation in attitudes and work culture. NGOs have a major role in supporting the formation of SHGs, in training bankers to relate with them and in fostering policies and administrative decisions that support this strategy throughout the country.

On account of globalisation, small and marginal dryland farmers whose livelihoods are based on complex, diverse and risk-prone agriculture, find that the investment required to decrease

their vulnerability has declined, as has the investment in research in crops that they are accustomed to. *NGOs should therefore promote relevant reforms in these policies.* In another area, the rights over non-timber forest products, which are a major source of livelihood for the poor, are also held firmly by the government and leased out to contractors who often hold a monopoly. As a result, the poor earn only a small fraction of the market price of various products like bamboos, broomsticks, tendu leaves, charcoal, etc. *Here again, NGOs have a major role and responsibility to lobby the government and organise the poor to change these adverse policies and improve their earnings.* They should similarly help the people to have ready access to electric power which is so much needed for small-scale enterprises, and to develop emerging centres of growth like small towns and peri-urban areas by setting up local-level institutions and learning how to better manage the natural resources.

It is essential, though not enough, for NGOs to make people aware of the causes of their poverty. **People moreover need support for developing institutions that are appropriate to their needs and resource management. They need help in fostering alternate institutions that would be respected by the official system on their own terms and conditions.** To demand that alternate institutions fall in line with the mainstream institutions and operate on the latter's terms and according to their culture is to introduce competition in the equation, and the poor are not adequately prepared for competition as yet. *Compassion requires that the mainstream respects these alternate systems and builds on their strengths. This is a compassion that fosters self-help and recognises strengths rather than one that delivers goods in response only to needs and tends to increase dependency.*

5. The Cultural Struggle⁷

INSAF

The INSAF Policy Document offers **the following critique of cultural globalisation.** Culture “has become a crucial arena of social life today. It is therefore an arena of serious contest. Culture has become industrialised under the influence of transnational capital. The culture

industry manufactures commodities for passive consumption by inert customer-spectators. These cultural commodities are... monotonous and repetitive, designed to produce social apathy, extreme individualism and political quietude. *They are also designed to generate an uncritical acceptance of the present system and enthusiastic adoption of consumerist modes.* The products of the culture industry are moreover major revenue earners for capitalism... The manufactured culture attempts to create a homogenous atmosphere for transnational capital and its products. While basically superficial, this homogenisation encourages divisive distinctions. It thus works towards the dissolution of authentic collectivities and creation of imaginary communities. Culture in this age, therefore, becomes a weapon in the hands of authoritarian, anti-democratic forces who promote 'cultural nationalism' and divide people."

"In spite of all these trends, culture remains an arena which can neither be completely regimented nor totally commoditised. It continues to be an arena in which people realise their servitude and attempt to overcome it, in however partial and non-realistic a manner. That is precisely why **it is an arena of struggle.** *The struggle is economic, social, political, ideological and 'cultural'. It is the sphere of struggle against communalism and ultra-nationalism.*" Criticising the UF government, the document concludes: "A sensitive and responsive government should have paid adequate attention to the question of culture. It should have formulated a cultural policy which counters the disastrous effects of the culture promoted and defended by consumerist transnational capitalism." "**The need is to demand as well as formulate a cultural policy.** This is, however, only a general task. **It is far more important to recognise the crucial role played by culture in today's society and to launch cultural movements** *which block the consumerist and homogenising efforts of globalisation, frustrate the designs of the culture industry and create alternative, pluralist, democratic, collective, creative cultural expressions.*"

16. DOCUMENTS

1. An Open Letter to the WB President

Dear Mr. James Wolfensohn,

October 19, 1996

We hope that your visit has revealed to you the impact of the WB projects and programmes in this country. If you have looked beyond the superficial, we believe that the enormous environmental destruction and the social disruption will not have escaped you. Unfortunately, Mr. President, the WB bears a significant part of the responsibility for this. *Over the decades, the policies imposed by the WB have significantly distorted the development priorities, destroyed the resources and impoverished millions.* And now, the 'new' policies that are being promoted by the Bank under the SAP in the name of liberalisation, privatisation and globalisation are aggravating these impacts many times over.

The Changing Face of the World Bank

The World Bank now claims to have the environment on the top of its agenda and to be more concerned about the human impacts of the SAP. The Bank, as you have stated, is keen on the participation and involvement of NGOs.

Unfortunately, our experience shows that none of these has made any difference on the ground. The fact is – *there is hardly any difference between the kinds of projects and programmes that*

Reproduced from NAPM (National Alliance of People's Movements) Bulletin, 1996, Nos. 5 & 6 **Several organisations and individuals have signed this letter.**

the Bank was funding a decade ago, and the ones that it is funding now. The latest in the vocabulary hijacked by the WB is its concern against corruption. The shallowness of this concern is evident from the continuous financing of projects in which corrupt practices have been well established and exposed. The Bank's emphasis on huge mega projects and intensive exploitation of natural resources, driven by a market-led consumerist society has only intensified. The promotion of intensive irrigation networks in regions where these were not needed has destroyed the productivity of the soil. The net impact of the Bank's involvement has been destruction of the environment, enormous social disruption, increasing displacement and a net transfer of resources from the poor and the tribals to the national and international elites.

We wish to focus on a few of the aspects of the claimed 'new face' of the Bank.

The Structural Adjustment Programme

In 1991, India joined the list of other Third World countries which have received structural adjustment loans with very harsh conditionalities from the Bank. Since then, a series of policy measures which include devaluation, liberal industrial policy, disinvestment policy, foreign investment policy, liberalisation of imports and domestic economy were based on the WB Memorandum titled "Trade Reforms in India" (November 30, 1990). Perhaps you are not aware that this Memorandum was not disclosed to the then Prime Minister, Finance Minister and Cabinet Secretary.

With the implementation of SAP, the Bank is commanding the entire macro-economy. It appears that the Indian government is on its way to losing control over the economy, especially in regard to its future direction. *Whatever growth is achieved in agriculture and industry is distributed most unequally with respect to employment opportunities, incomes and consumption among the people.* For instance, with a record foodgrain production of 186 million tons, we have the proportion of people below the poverty line going up!

In the health sector, the Bank's "targeted programmes" are combined with cost recovery, privatisation and withdrawal of the state from health services. *Such policies have failed to help the poor* who cannot afford to buy health services like any other commodity. The Bank's contention that 'targeting' will improve the health status of the poor is absolutely unfounded. Besides, the diseases of poverty cannot be cured with 'targeting' and medicines; what the poor need is the elimination of poverty through a more equitable distribution of resources.

The Bank attempts to show that the poor suffer from ill-health due to factors like misuse of funds, apathetic doctors, inefficient management and restricted role of the private sector. Whereas the reality is that the basic underlying cause is the socio-economic system in which over 40% of the population is below the poverty line.

The Bank has also justified the cutbacks in public health expenditures by emphasising that, how money is spent by the Indian government appears as important as how much money is spent. Given the poor conditions of the public health infrastructure in India, any further cutback directly affects the millions of poor people who are totally dependent on public health care as they cannot afford private health services.

The education scenario of the country presents a picture in which privatisation and commercialisation will provide an education for upward mobility to a few urban and rural rich. For the rest, soft loans from multilateral funding agencies like the WB are likely to sustain a token educational process with increasing influence on its content and process from the donor agencies.

The WB prescriptions on food and agriculture further endanger our food security system. The gravest of the threats comes from the control which the Bank has over the Consultative Group on International Agricultural Research (CGIAR). Over the years the Bank has thus been able to systematically steer the agenda of Indian agricultural research bodies towards ensuring the TNCs' supremacy in world foodgrain markets.

The Bank's emphasis on promoting foreign investment is also misconceived. Since 1991, over 70% of the foreign investment that has come to the country has been portfolio investment to buy shares of Indian companies. Given its speculative nature and volatility, portfolio investment can go out almost as easily as it comes in. Despite adjustment, India's debt burden rose from \$ 72 billion in 1991 to \$ 99 billion in 1996.

In the rush to attract foreign investment, environmental regulations are now being liberalised. The failure to make environmental protection and sound natural resource management an integral part of the foreign investment policy is leading to unsustainable rates of resource exploitation. Since 1991 for instance, over 100 joint ventures with foreign companies for marine fishing and fish processing, have been approved despite resistance from traditional fisherfolk. The fish catch along India's coast is declining, mainly due to overfishing, and such investments will not only lead to the loss of livelihood for traditional fishworkers, but also to the loss of domestic fish markets as well as the depletion of marine resources.

The deregulation of trade and investment policies has encouraged the dumping of toxic wastes as well as the migration of polluting and hazardous technologies to India. The Bank's concern for the conservation and development of forestry has also given rise to the contentious issue of the rights of forest-dwellers vis-à-vis conservation policies. The latest controversy surrounds the ambitious forestry projects in Madhya Pradesh and West Bengal.

The Changing Role of the Bank – From Funder to Enabler

We believe that this new role of the Bank is leading to very destructive impacts. This role is nothing but a euphemism for unbridled privatisation in all sectors of society. *The Bank's advocacy of privatisation as a panacea for all ills demonstrates that it is totally cut off from the reality in India.*

In the power sector for example, the privatisation drive is destroying the State Electricity Boards (SEBs) and the huge infrastructure and human resources painstakingly built over

decades. Privatisation per se will not solve any problems. Perhaps, what is required is the restructuring of loss-making public sector enterprises. This means workers' participation, effective and transparent organisation, less interference from bureaucrats and politicians, and better management techniques and accountability. *Privatisation without restructuring will yield nothing, whereas restructuring without privatisation can achieve a lot.*

In India, the private sector is not as efficient as we are told. There are over 200,000 sick units belonging to the private sector in the country. In fact, the private sector in India developed because of low-cost infrastructure and other services subsidised by the public sector.

Participation and Consultation

The Bank claims to have become more open to NGOs' voices, and is claiming that it has incorporated the concerns regarding participation in its projects. However, *there is a vast difference between Bank-style participation and consultation, and what we believe is real participation.*

NGOs are basically being seen, nay even used, by the Bank as implementors – especially of the difficult and troublesome aspects of rehabilitation and environmental measures. This is nothing but sharing of worries without sharing of responsibilities.

Further, the role of NGOs seems to begin only after everything has been tied up – after the project has been planned, decisions taken, contracts signed and implementation begun. Unless there is consultation at the planning stage, there can be no meaningful participation of the NGOs.

The other concern is the increasing direct funding of NGOs by the Bank. The eagerness with which an ever growing number of NGOs are embracing this new-found partnership, is a disturbing trend. However, what is most alarming is the tendency to restrict 'consultation' and 'participation' to the NGOs, bypassing the people themselves. We are afraid that this is creating another set of 'middlemen' – with all the attendant ills that are associated with them. *What is required is a genuine participation by the*

people in the decision-making process right from the planning stage itself. This is something which the Bank has failed to ensure, and its new policies are making it more difficult.

Retrograde Steps in Rehabilitation

Clearly, the blind focus on privatisation and the mad rush for industrialisation under the name of infrastructure development are leading to massive displacement – a problem that is becoming more and more difficult to handle. A direct consequence of this seems to be the abandonment of some of the more progressive principles that have been adopted over the last decade in the rehabilitation process. Even though these were difficult to implement, they were thought necessary to ensure rehabilitation and justice to the affected people. The difficulty of resettlement is challenging the very viability, desirability and ethicality of many of the projects. *Instead of trying to seek better alternatives (which have been shown to exist), the Bank has taken the easier approach by adopting retrograde steps in its rehabilitation policies and principles.* This reverses the earlier gains. Justice is the first casualty on the altar of ‘development’, for these retrograde steps will be easy to push through – all that is needed is more use of police force and repression.

Ignoring People-Oriented Development Options

The most serious issue is that the Bank has been consistently ignoring the growing and strident voices all over the world, and especially in India, that are not just challenging this destructive model of ‘development’ but are offering just and viable solutions. *These are truly participatory and their benefits can reach out to the poorest and the most needy. Their effects will be socially and environmentally benign, even enhancing.*

It is unfortunate that you have missed the opportunity to try to understand all this in your visit to India. Unfortunately, our experience with the Bank over the past decades does not allow us the luxury of optimism. **We have been left with no option but to conclude that the Bank has no positive role in India. The WB must quit India.** So, when you go, do take your development ‘aid’ along with you. We will get along just fine – thanks.

2. Colonialism to Globalisation: Five Centuries after Vasco Da Gama

During these five days, we reflected on the linkages between colonialism and the present form of globalisation and examined its consequences on the global South in general and the poor and underprivileged in our countries in particular. **In this analysis we perceived globalisation as the present form of colonialism, though qualitatively different from that of the last 500 years.** We therefore tried to understand it, in order to search for alternatives relevant to our times.

There was consensus among us that though elements such as technology and communications, perceived by some as linked to globalisation, can solve many problems including poverty and ignorance if guided in the right direction, *in reality the means of production are in the hands of a few who have a vested interest in a system which perpetuates and intensifies poverty, exploitation and domination as a permanent structural practice.* With profit the sole motive, they ignore the good of the majority. The economic policies of most of the South are determined by a few countries of the North known as G-7 and by the international organisations like the IMF, the WB and WTO that they control.

Closely linked to the international forces is the local elite that gets most benefits and ignores the powerless classes. As a result, poverty has intensified within Asia and Africa. Unemployment has increased even as GNP has grown. This growth of joblessness too is a systematic feature of globalisation. Unemployment affects the youth, particularly women more than others. Authoritarian measures to control the growing frustration and unrest among them, were reported from some countries. Hence, *far from being a uniting factor, globalisation results in polarisation both between rich and poor nations and within each country.*

Slightly edited Report/Statement of an International Conference organised by the Indian Social Institute, Delhi, on February 2-6, 1998. This document is taken from "Vidyajyoti", Vol. 62 No. 3, March 1998, 200-2. Ninety-five persons from twenty-six countries mainly of Africa and Asia took part in this Conference.

The foreign debt stood out as a major source of marginalisation and impoverishment. It is equal to or more than the annual GDP of several countries, particularly in Sub-Saharan Africa. Imports for middle-class consumption and the low price of raw materials these countries export, are at its basis. These countries sacrifice social components like education and health in order to repay their debt. The discussion on the intellectual property rights (IPRs) and the WB forestry programme showed us the damage done to the environment by these schemes. They deprive the local communities of biodiversity and the owning countries of the South of their traditional knowledge systems in the name of IPRs. Food security is another major issue. Religion has played a role in legitimising colonialism in the past and continues to divert attention from impoverishment through a fundamentalist revival today.

We believe that national and international changes are needed to counteract this situation. Bodies like the IMF, the WB and WTO have to be made more representative by involving developing countries in their decision-making process. World trade has to be made equitable. The North-South and South-South dialogue has to be revived for this purpose. To be meaningful to the powerless, reforms in the international bodies have to be accompanied by changes in the internal policies of our countries in order to remove economic disparities and reverse impoverishment. **Alternatives to globalisation have to be found within each country and region, not merely at the global level.**

These changes can be achieved only if there is adequate pressure on the national governments and international bodies, from the civil society such as NGOs, human rights and religious groups, trade unions, people's movements and the working class that is committed to the marginalised. Local, national and regional networking among these bodies can be one such pressure mechanism aimed at reversing the process of impoverishment and marginalisation and in the search for viable alternatives. Constant information sharing on these issues is an essential step in this search.

With such networking in view, the three regional groups of delegates, viz., Africa, South- and South-East Asia, East-Asia and Oceania, identified several NGOs, trade unions, people's movements and academic networks in their regions. They decided to contact the networks that were not represented at this Conference, and open discussion with them immediately, in order to coordinate action with them. Delegates from Europe too reflected on the role they can play. **Based on this reflection, we undertake the following:**

1. We will join other institutions and networks in our regions, to assess the impact of globalisation in our countries and regions, and use it to make the people, particularly the impoverished, aware of the factors that are marginalising them. *We shall join the above networks in a search for locally viable alternatives.*

2. We shall make a serious analysis of the present state of the foreign debt and the processes that perpetuate it. The existing information points to the social and economic impact on the poor and the colonial background of the debt trap. We, therefore, will join all the existing "freedom from debt alliances" and the rest of the civil society in the South and the North, *to demand an end to foreign debt as compensation for centuries of colonial impoverishment of the South.* This initiative will be coordinated by the African delegates.

3. *We undertake to join other networks to evolve an IPRs regime acceptable to the communities of the poor in our countries.* It will be based on the right of the local communities to control their natural resources. While doing it, *we shall also fight against the WB sponsored forestry and ecodevelopment projects* that deprive millions of forest-dwellers of their livelihood and are a threat to biodiversity. This initiative will be coordinated by the South Asian delegates.

4. We shall keep exchanging information on the consequences of globalisation in our continents and on the middle-class consumption patterns in our countries. *Since food security is a major concern, we shall keep track of this problem as well as of sustaining initiatives* being attempted in many countries,

particularly of Africa. Other areas of information sharing will be the research being done on these issues, the ongoing suffering of many communities as a result of these policies and their resistance to them. This initiative on information sharing will be coordinated by the delegates of East-Asia and Oceania.

5. The Afro-Asian Forum for spirituality will coordinate the reflection on *the role of Christianity in the colonial age in legitimising colonialism and of Hindu, Muslim, Buddhist and other religio-cultural fundamentalist revival in recent times in justifying globalisation and diverting attention from the impoverishment it causes.*

6. The delegates from Europe will bring together institutions and human rights and religious bodies in that continent, that can support the initiatives in Africa and Asia, and join others in order to create opinion in favour of the demands of the South.

7. The organisers of this International Conference will function as the focal point in information sharing around these initiatives. But the coordination will be done within these regions.

3. Globalisation from the Perspective of the Victims of History

Some Aspects of Globalisation

i) Globalisation is the domination of a uni-polar economic system, facilitating the free movement of capital and trade. *In an unequal situation it works in favour of the rich. Capital itself is used more for profitable speculation than for useful production.* It is a one-way accumulation of wealth: from the poor to the rich.

Report/Statement of an International Consultation jointly organised by Vidyajyoti, College of Theology, Delhi, India and the Institute of Missiology, Aachen, Germany at the Indian Social Institute, Delhi, on January 18-22, 1998. The following points present the highlights of the consensus arrived at by the thirty participants from the five continents. We have included the suggestions specially addressed to Christians. This document is given in "Vidyajyoti", March 1998, 203-5.

It does not affect the people in the North and in the South in the same way. Off-shore banks facilitate the laundering of money.

ii) *It relativises and threatens national economies and deprives people of a say in what happens to them.* People are no longer respected as persons, but become cheap labour. The women are particularly vulnerable. There is not only rising unemployment; the poor are excluded when they are not needed even as cheap labour.

iii) International debt and SAPs trap people into economic, political and social dependence.

iv) *A consumer culture, creating artificial needs, is promoted by the media.*

v) An easy availability of goods may give a false impression of development. Agriculture is diverted from necessary food production to cash crops.

vi) *Industrial development and 'scientific' agriculture lead to the pollution and destruction of the earth.*

vii) Globalisation is destructive of the family and its structures and relationships.

viii) *Rising individualism goes hand in hand with lack of social responsibility and solidarity.* Where true brotherhood and sisterhood disappear, God is no longer the provident parent. A practical atheistic and materialistic attitude sets up Mammon as an idol in the place of God. People are subordinated to material forces. Violence and corruption become rampant everywhere and at all levels. *In a consumer and technological culture the people become expendable.*

Possible Responses

* Cultivating a fundamental ability to say "NO" to the forces of globalisation and to suggest alternatives.

Economics. * Joining movements for the abolition of the international debt at various levels. * Opposing SAPs in a reasoned manner. Promoting research and analysis that will help in supporting such movements. * Encouraging investments guided

by moral principles. Economic control, through taxation, of financial speculation. Campaigns against money-laundering. Forcing the change of the current interest system. Continuing the search for a new international economic and judicial order.

* Making sure that the remission of debt is not tied to conditions harmful to the people. * Supporting consumer protection programmes. * Promoting and supporting environmental protection programmes. * Giving shape to alternative agricultural projects that respect biodiversity and meet the real needs of the people. Encouraging people-oriented development projects. Promotion of micro-projects. * Promoting alternative patterns of employment: less working hours, creative use of leisure by the workers, abolition of child labour.

Politics. * Empowering people through organisations to assert and defend their rights. Formation of local action and pressure groups. Making people aware of their duty of responsible participation in civic life. * Confronting the local economic and political elite who cooperate with globalising forces. * Advocacy through legal means and through transformative, not power, politics. * Networking locally, nationally and globally with alternative movements and with all people of good will. Networking particularly with committed people in the First World, where pressure needs to be exerted, by providing information, etc. * Continuing efforts to reform international organisations like the UNO, WTO, etc., to make them more democratic, transparent, accountable and open to periodic independent evaluation.

Social. * Promote a sense of solidarity (against individualism), cultivate the quality of relationships among people, with each respecting the other. * Initiate programmes particularly in favour of the poor and the weak: farmers, workers, women, youth, tribals, migrants, the displaced and the oppressed in general. * Promote women's rights and their participation in the world and in the Church.

Cultural. * Conscientise the people about the true characteristics and effects of globalisation, not only through popular means but also through institutional means like schools, seminaries, the media, etc. * Help people appreciate the quality

of life rather than multiply needs or indulge in greed.* Facilitate the rediscovery and return to the wisdom of the indigenous peoples and subaltern traditions. Unearth their liberative potential.

Religious. * Help people to focus on God in the other rather than on the merely human (anthropocentrism), the self (egoism) and matter. All religions advocate selflessness, sharing and simplicity of life. * Cultivate a sense of social responsibility. Explore the socio-economic implications of sacraments like the Eucharist. Oppose movements that seek to privatise religiosity. * Enable people to be agents: building up the local Church at all levels, promoting autonomy and relevance in reinterpreting tradition – people are more important than buildings. Invite people to celebrate life. * A new sense of mission: the kingdom proclaimed by Jesus as directed against Satan and Mammon (personal and social structures of injustice) rather than against other religions and cultures. * Promote and network the prophetic movements in every religion (including Christianity). * The Church needs to be self-critical so as to avoid encouraging and legitimating factors of globalisation and to support alternative movements. The Church itself must avoid giving the image of being a globalising agent in its own internal life and structures. * An eschatological vision of the kingdom as a global community of freedom, solidarity and justice, which we are called to commit ourselves to. * A vision of the Church as a symbol and servant of the kingdom, as a communion of local Churches, called to dialogue with other believers and all people of good will.

4. International Solidarity in the Age of Globalisation

INSAF

Resistance to Globalisation

Globalisation is not a static but dynamic process. The control is never total or complete. Individuals and groups always defy it

This "Draft for Discussion" was prepared by the Indian National Social Action Forum (INSAF) in January 1998. Only a few extracts of this 11-page document are given here. This document was studied at an INSAF Consultation in Mumbai on 17-20 February, 1998; a 17-page "Summary of Proceedings" is available with INSAF.

and escape from it. *Globalisation is neither inevitable nor irreversible.* It is certainly not the only alternative for any country. It is distinctly possible to be selective in dealing with the world, to limit the intervention of foreign capital in any national economy and to determine the nature of its operations in the country. The deleterious effects can be restricted. The unpleasant advances can be rolled back.

This does not mean that the people desire the unrestrained rule of the national business houses. They do not. They do not support 'protectionism'. They do not wish to encourage a backward, inefficient enterprise only because it is owned by a particular national capitalist. Such enterprises are likely to be more exploitative and oppressive. The people do not gain through any protection of the national capitalist class. The people do not derive any benefits either from self-willed, unaccountable, corrupt bureaucratic controls. *They have no wish to be cut off from the world in an isolationist prison of backwardness and non-development.* They know that economic growth is a necessity and that national incomes will have to increase dramatically if the welfare of all is to be achieved. They desire an economic policy that places the toiling masses, the poor, the deprived and the oppressed at the centre. They aspire for guarantees of livelihood, opportunity for gainful economic activity and fulfillment of basic needs.

Increased inequality and deprivation produce intense anger in the people. Threats to livelihood, life-styles and standards of living provoke opposition. The toilers find that they have nothing to lose in the age of globalisation. Struggles against it become for them a natural response. It is against this background that people's struggles and forms of resistance have to be seen. In most places the struggles are against the adverse consequences of liberalisation and SAPs.

Globalisation makes many claims on behalf of the world. These are fraudulent. Globalisation is not a force that strives for universalism. It has no relationship with a new universalism, a universal humanity. It has no links with the philosophical quest of the human being for the universal. The claims that it makes of

creating one world and one human kind are not true. The integration that it seeks to achieve is only of the global market. The freedom from restraint it seeks is only for capital. It does not fulfill the search for human commonality across boundaries and barriers. *It does not promote a just enjoyment by all of universal resources, of acquisitions and achievements of the entire human race. It does not break down the barriers and conflicts of language, race and nationality with the creation of a universal humanity. It on the contrary fragments the world and the human societies. It creates additional barriers of hatred and competition. It intensifies disparity and inequality to grotesque proportions.*

Globalisation therefore meets with resistance. In an age of decline of mass movements and assaults on ideologies of equality, emancipation and liberation, the resistance remained fragmented. The movements have also lacked ideological clarity. They have often tried to resurrect old and familiar but largely inadequate formulations as guides to action. Some have relied on national capital to lead the struggles. Others have sought to strengthen the old nation-states as defences. Yet others have placed their hopes in the classical proletariat without due consideration of its present state. Some have sought to identify the most victimised sections. Many have concentrated on specific single-issue struggles. Some have tried to opt out of the global system in isolated islands of alternatives. *It must be recognised at once that these limitations are produced by the times. They are also the limitations of the activists and spokespersons, not of the people who have risen repeatedly against the effects of globalisation.*

There is a need to build new linkages and new solidarities. The workers from the informal and the unorganised sectors will have to be included along with the organised workers. The arena of home-based and individualised economic activity will have to be brought into an alliance against the system. A common minimum needs programme will have to be formulated in order to resist the forces of globalisation.

Culture in such conditions acquires a tremendous importance. It will be a crucial factor in developing

movements of resistance. The cultural resources of a society will need to be invoked in order to garner strength and give substance to resistance. The people will have to rediscover and regenerate their cultural vitality in order to garner the will and capacity to resist. There must be new access to local and universal culture so that the new universalism can come into being. New modes of emancipatory forms of cultural expressions will have to be sought.

It is not possible to opt out, to turn our back on the technological and scientific developments of the world. The experiments in alternatives that creatively utilise both the advances and traditions need to be studied. In some such experiments may be found the seeds of the new internationalism, of the quest for the universal which defies and resists the globalisation of the market.

Towards a New International Solidarity

Globalisation cannot be countered with isolated actions confined to individual countries, however valiant, glorious and militant the struggles may be. **International solidarity has become essential today not only on the ideological but on the practical plane.** The people will need to counter the efficiency and communication of global capital with their own networks of information and coordinated actions. **A counter-hegemonic bloc must be built among organisations and movements.** The beginnings of a new grassroots internationalism of social movements have to be affirmed, as a new stage of internationalism from below.

The immediate struggles will have to focus on the questions of survival and sustenance; on economic and social rights; on human rights including the right to self-determination. The content cannot however be exhausted by these immediate needs. The goal of a new universal culture and a new internationalism will be necessary components of the vision.

An opposition to globalisation is not equivalent to xenophobia. The people accept the universality of human

achievements and acquisitions in the material, ideological and cultural fields. They also see the universality of suffering, deprivation, exploitation and oppression. They thus seek a **universal human community**. Their opposition is to the current dispensation. It is globalisation, a project of transnational capital, an anti-people strategy, that is to be countered. The people do not reject internationalism or universalism but a market-controlled globalisation. *Genuine universalism does not create a featureless homogenised culture or individual. It is a universalism that adequately protects specificities, while it cherishes universal human values and quests.*

Internationalism and international solidarity have become real possibilities today. The technological advances that global capital utilises for its ends also create the technical feasibility of solidarity as a concrete reality. *Human kind is today in a position where it can bring about an end to the unjust rule of capital, an end to gender and ethnic discrimination and deprivation, the fulfillment of basic human needs, freedom from exploitation and oppression, and a sane relationship with nature.* These challenges and opportunities provide the context of any discussion of international solidarity today.

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